

Quarterly Chartbook Q1:26

“Having demonstrated resilience amid heightened global uncertainty, regional economies are well positioned to deliver strong growth in 2026, although risks remain tilted to the downside”



Economic Analysis Division Emerging Markets Analysis

Türkiye | Romania | Bulgaria | Serbia | North Macedonia | Albania | Cyprus | Egypt

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Snapshot

General information

Date of next elections

Foreign currency credit rating

World Governance Indicators

Real Sector

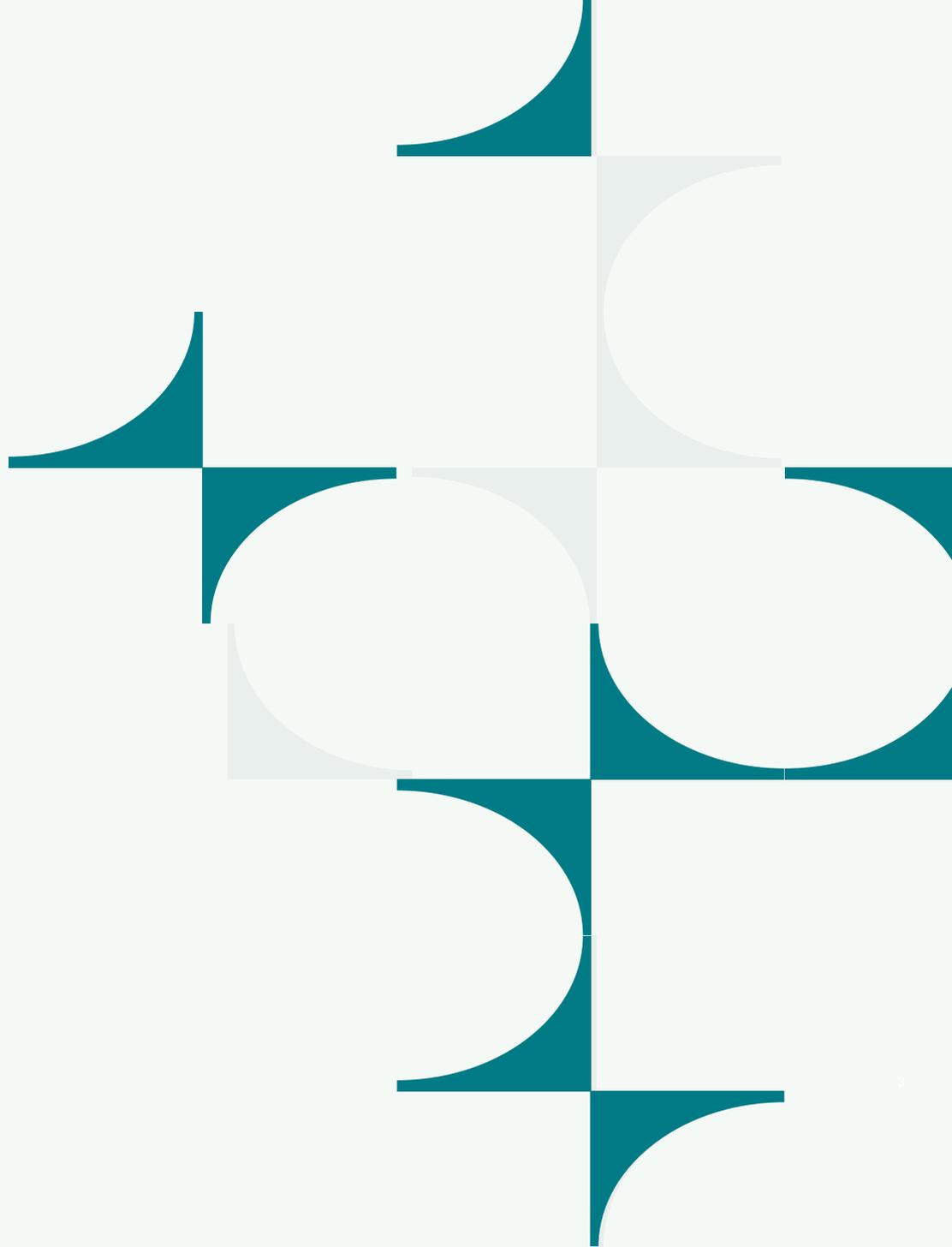
External Accounts

Prices & Monetary Policy

Fiscal Position

Financial Markets

Banking Sector





Republic of Türkiye



Population (2025, mn): 86.0
GDP (2025, EUR, bn): 1,398.9
GDP per Capita (2025, EUR): 16,261
Government type: Parliamentary Republic
Chief of state: Recep Tayyip ERDOGAN
Head of Government: Recep Tayyip ERDOGAN
Minister of Finance: Mehmet SIMSEK
Central Bank Governor: Fatih KARAHAN



Romania



Population (2025, mn): 18.8
GDP (2025, EUR, bn): 376.8
GDP per Capita (2025, EUR): 20,007
Government type: Semi Presidential Republic
Chief of state: Nicușor DAN
Head of Government: Ilie BOLOJAN
Minister of Finance: Alexandru NAZARE
Central Bank Governor: Mugur ISĂRESCU



Republic of Bulgaria



Population (2025, mn): 6.3
GDP (2025, EUR, bn): 113.2
GDP per Capita (2025, EUR): 18,079
Government type: Parliamentary Republic
Chief of state: Iliana YOTOVA
Head of Government: Andrey GYUROV (interim)
Minister of Finance: Georgi Klisurski
Central Bank Governor: Dimitar RADEV



Republic of Serbia



Population (2025 mn): 6.5
GDP (2025, EUR, bn): 87.2
GDP per Capita (2025, EUR): 13,333
Government type: Parliamentary Republic
Chief of state: Aleksandar VUCIC
Head of Government: Duro MACUT
Minister of Finance: Sinisa MALI
Central Bank Governor: Jorgovanka TABAKOVIC



Republic of North Macedonia



Population (2025, mn): 1.8
GDP (2025, EUR, bn): 16.9
GDP per Capita (2025, EUR): 9,315
Government type: Parliamentary Republic
Chief of state: Gordana SILJANOVSKA-DAVKOVA
Head of Government: Hristijan MICKOSKI
Minister of Finance: Gordana DIMITRIESKA-KOCHOSKA
Central Bank Governor: Trajko SLAVEVSKI



Republic of Albania



Population (2025, mn): 2.6
GDP (2025, EUR, bn): 27.3
GDP per Capita (2025, EUR): 10,298
Government type: Parliamentary Republic
Chief of state: Bajram BEGAI
Head of Government: Edi RAMA
Minister of Finance: Petrit MALAJ
Central Bank Governor: Gent SEJKO



Republic of Cyprus



Population (2025, mn): 1.0
GDP (2025, EUR, bn): 36,1
GDP per Capita (2025, EUR): 36,771
Government type: Presidential Republic
Chief of state: Nikos CHRISTODOULIDIS
Head of Government: Nikos CHRISTODOULIDIS
Minister of Finance: Makis KERAUVOS
Central Bank Governor: Christodoulos PATSALIDES



Arab Republic of Egypt



Population (2025, mn): 111.0
GDP (2025, EUR, bn): 352,8
GDP per Capita (2025, EUR): 3,176
Government type: Presidential Republic
Chief of state: Abdel Fattah Saeed EL-SISI
Head of Government: Mostafa MADBOULY
Minister of Finance: Ahmed KOUCHOUK
Central Bank Governor: Hassan ABDALLA

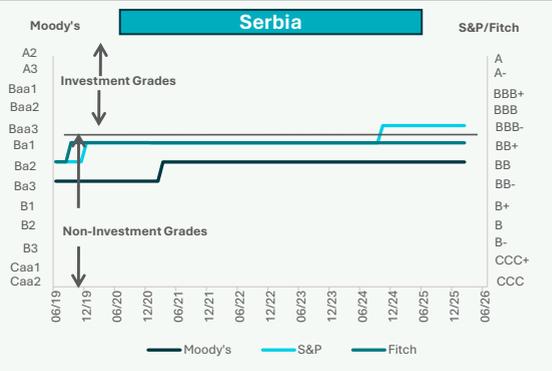
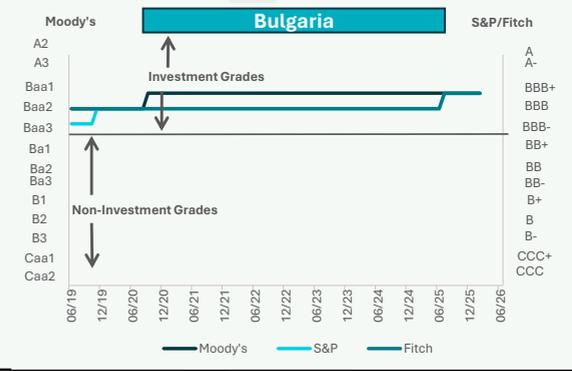
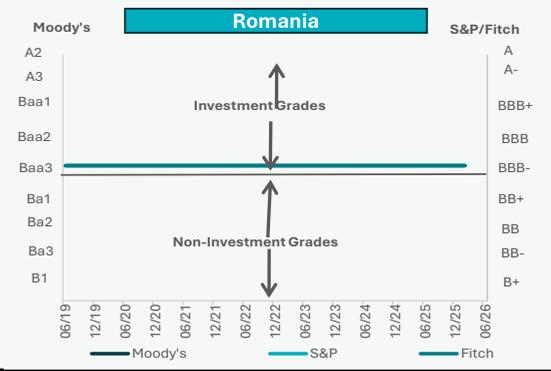
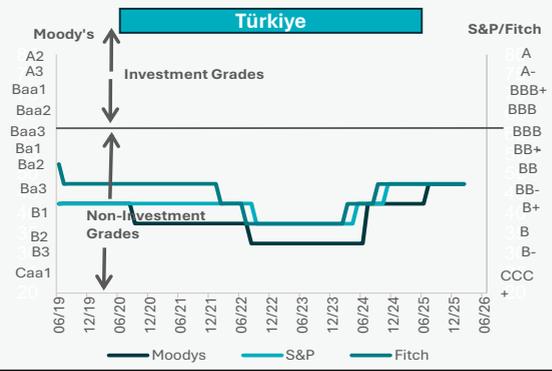
Date of next elections

- Shortly after entering the euro area, **Bulgaria** faces another snap election, underscoring its long-standing political crisis. Following several weeks of protests over economic policy, the Government resigned in mid-December having been in office for only 10 months. Political situation was further complicated by the resignation of President R. Radev, 10 months before the end of his term, with expectations he will form a new party. His successor, President I. Yotova, appointed, A. Gyurov, as interim PM ahead of the April 19 snap Parliamentary election -- the 8th since 2021. The prospect of another inconclusive election outcome or unstable Government remains high, contributing to prolonged political uncertainty. Worryingly, this instability has been a key factor behind the economy's underperformance, largely driven by under-investment, on the back of delays in the absorption of EU funds as well as of a significant weakening in business confidence
- In **Serbia**, political uncertainty is set to remain high at least until the next election, due by late-2026/early-2027, as President Vučić has indicated. Recall that massive student-led anti-corruption protests, primarily targeting President Vučić, have been rocking the country since the roof collapse at Novi Sad's railway station in November '24, killing 16 people. The latest opinion polls suggest that the fragmented and ideologically divergent Parliamentary opposition has yet to present a credible challenge. Political uncertainty has affected significantly economic sentiment, contributing to a slowdown in GDP growth. Under our baseline scenario, no further impact on policy implementation is expected until the next election
- In **Romania**, the unity of the ruling coalition -- controlling c. $\frac{2}{3}$ ^{rds} of Parliamentary seats -- is a sine qua non condition for further progress on fiscal consolidation. Still, considering the socio-economic cost of fiscal adjustment and society's deepening polarization (with far-right parties holding c. $\frac{1}{3}$ rd of Parliamentary seats), political tensions could rise again, further weighing on (already weak) economic sentiment
- In **Egypt**, the November election for the House of Representatives (lower house) resulted in a pro-presidential constitutional majority. A broadly similar outcome emerged from the August election for the Senate (upper house)

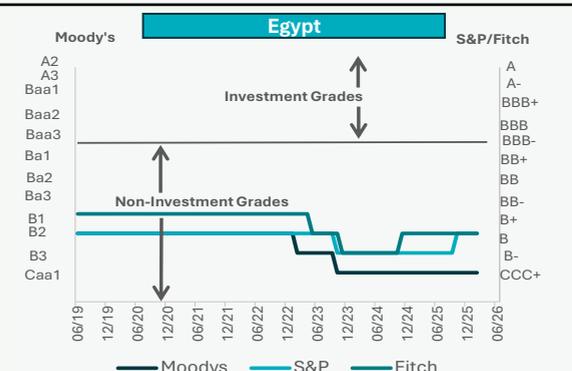
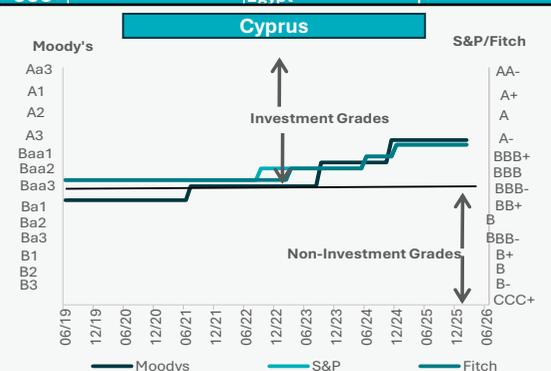
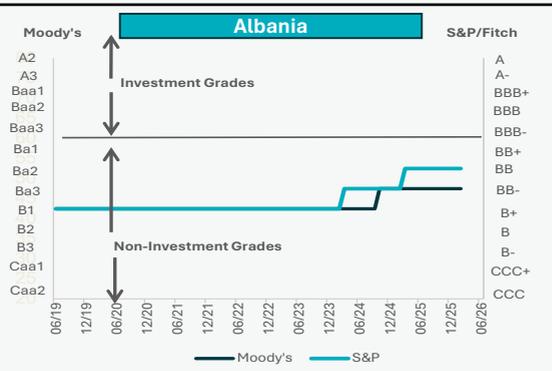
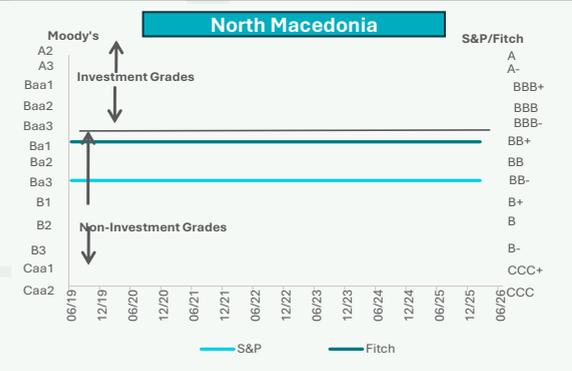
Date of Next Elections								
	Türkiye	Romania	Bulgaria	Serbia	North Macedonia	Albania	Cyprus	Egypt
Legislative	May 2028	November 2028	April 2026	By Dec 2027	May 2028	May 2029	May 2026	November 2030
Presidential	May 2028	May 2030	November 2026	April 2027	May 2029	June 2027	February 2028	December 2029
Local	March 2029	June 2028	October 2027	By Dec 2027	October 2029	May 2027	June 2029	Unknown *

* last local elections hold in 2008

- The success of its unfolding multi-year fiscal consolidation plan is a *sine qua non* condition for **Romania** to maintain its investment-grade status
- The modest levels of external and public debt in most of the economies under review should provide them with some headroom to navigate through uncertainties, **without endangering their credit profiles**. Economies currently undergoing adjustment, such as **Egypt** and **Türkiye**, are the most vulnerable, should global risk aversion worsen substantially

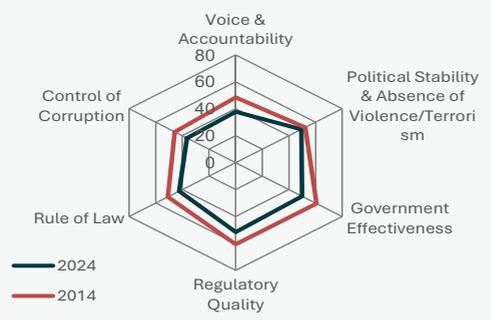


Long-Term Foreign Debt Currency Ratings, February 2025				
	S&P	Moody's	Fitch	
Investment Grades	A+			
	A			
	A-	Cyprus	Cyprus	Cyprus
	BBB+	Bulgaria	Bulgaria	Bulgaria
	BBB	Romania, Serbia	Romania	Romania
	BB+			North Macedonia, Serbia
Non-Investment Grades	BB	Albania	Serbia	
	BB-	North Macedonia, Türkiye		
	B+		Albania, Türkiye	Türkiye
	B	Egypt		Egypt
	B-			
	CCC+			Egypt

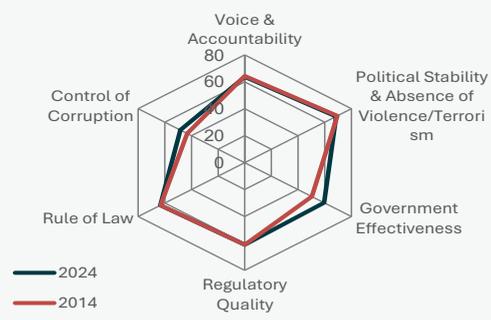


- Governance standards in EU candidate countries (**Serbia, North Macedonia, Albania**) are edging closer to those of new EU member states (**Romania, Bulgaria**)
- **Türkiye's** and **Egypt's** low ranking in terms of governance weighs on investor sentiment

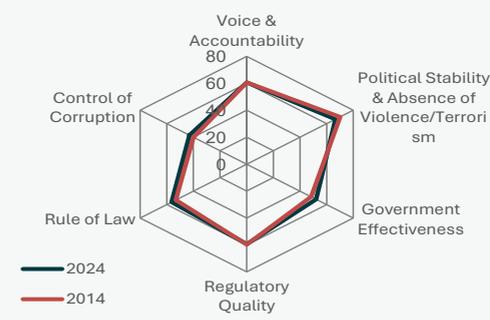
Türkiye



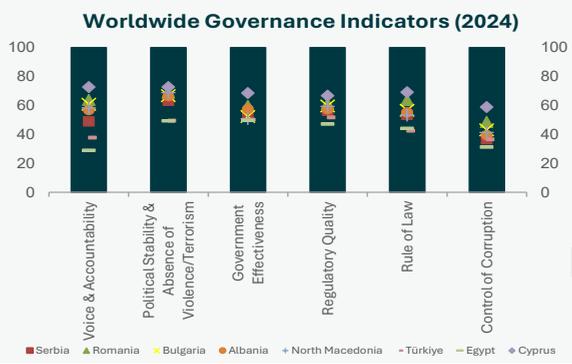
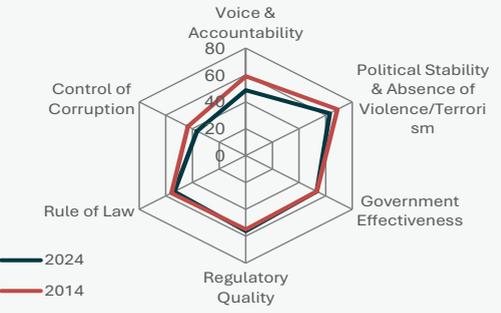
Romania



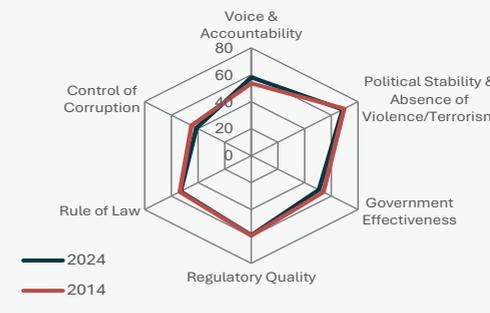
Bulgaria



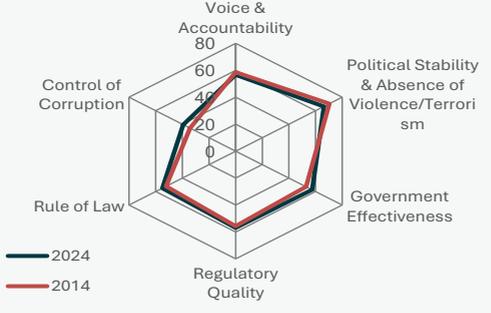
Serbia



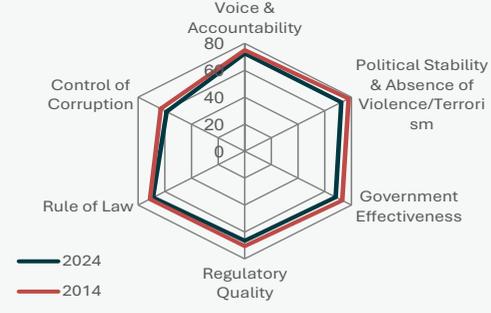
North Macedonia



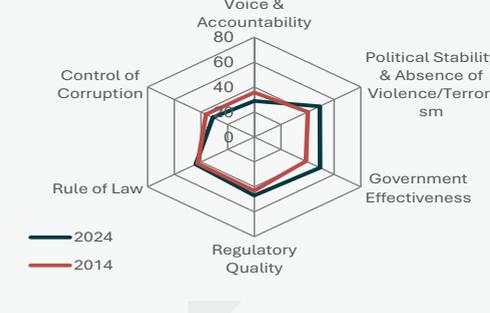
Albania



Cyprus



Egypt



Snapshot

Real Sector

- Real GDP
- Economic outlook
- Risks to the Outlook
- Output gap
- Convergence with the EU
- Official financial support
- Economic sentiment
- Industrial production
- Retail sales
- Employment growth & Employment rate
- Unemployment rate
- Wages (nominal and real)
- Wages (nominal, EUR) and Tax rates

External Accounts

Prices & Monetary Policy

Fiscal Position

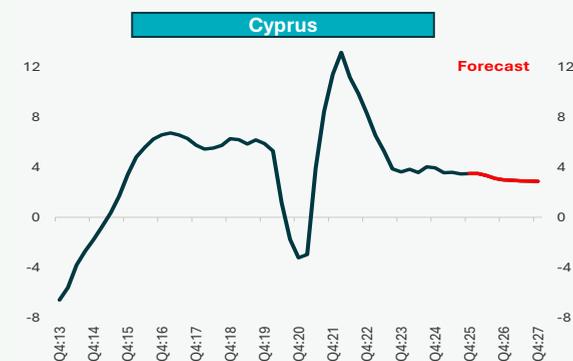
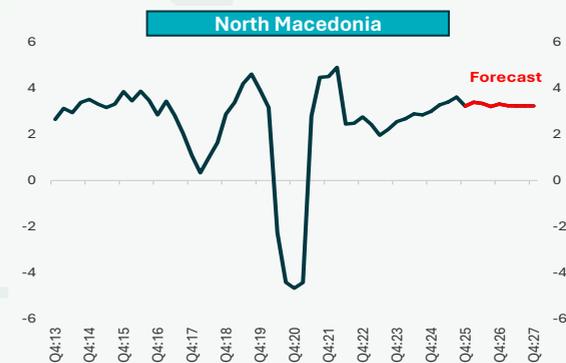
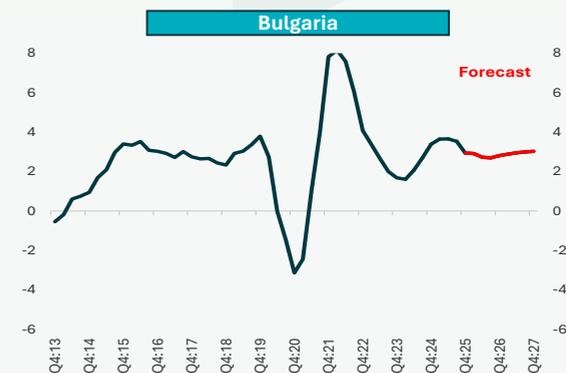
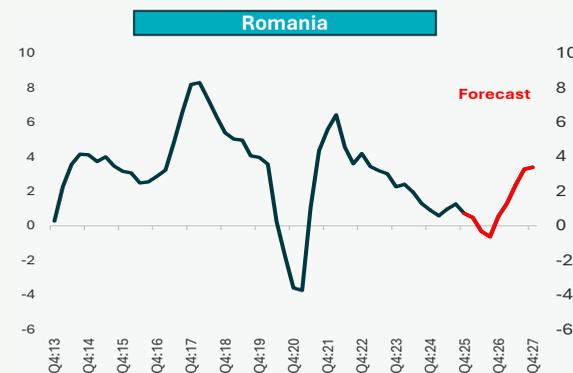
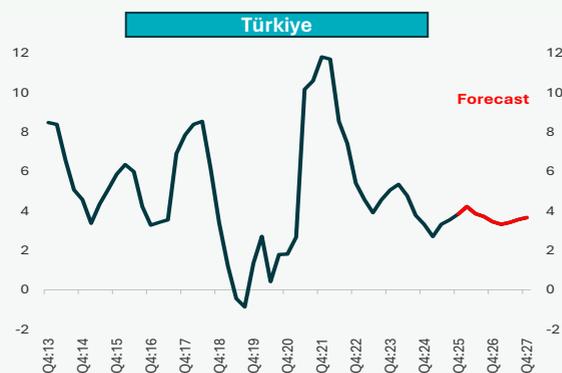
Financial Markets

Banking Sector



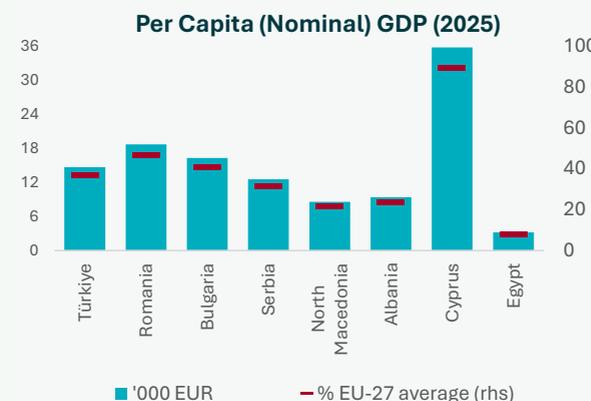
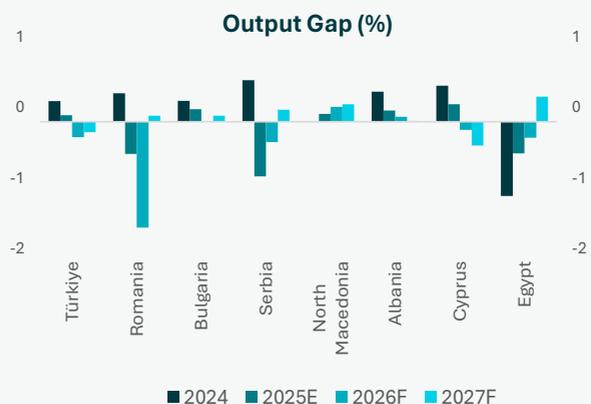
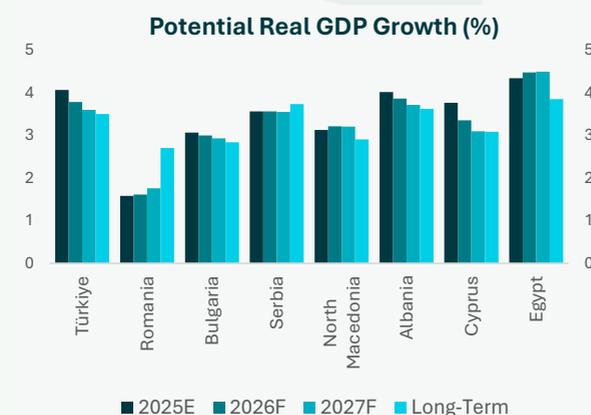
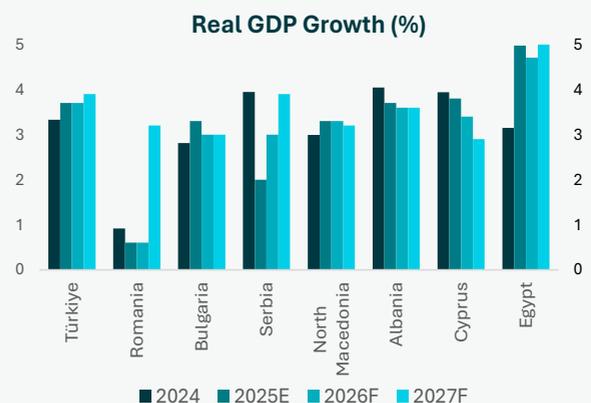
Real GDP (4-quarter rolling, y-o-y % change)

- GDP growth held up well in H2:25 in most of the economies under review, supported by solid domestic activity and resilient external demand from the EU, despite ongoing challenges
- Egypt** maintains the strongest growth trend in the broader region. Weakening sentiment amid aggressive fiscal adjustment has pushed the **Romanian** economy into recession. In **Serbia**, the suspension of operations at the macro-critical oil company NIS and a (concomitant) further weakening of economic sentiment has taken a toll on economic growth

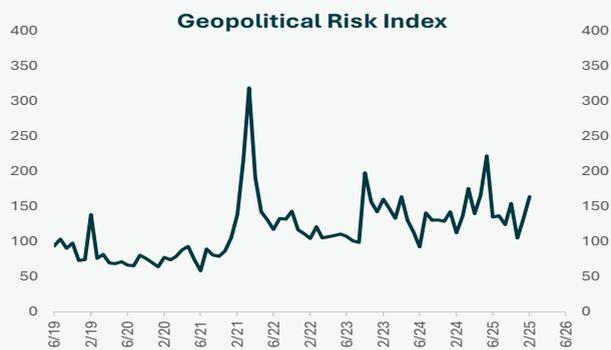
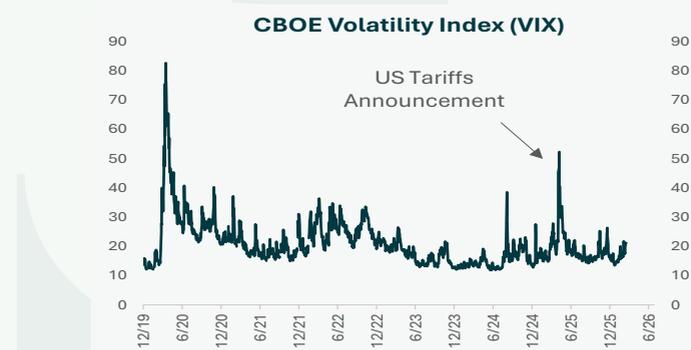


Real GDP growth, potential real GDP growth, output gap and per capita (nominal) GDP

- Economic growth in all the economies under review (barring Romania) is set to remain quite **close to its long-term potential growth** rate over the forecast horizon, supported by the positive effect of **relatively low inflation** on real incomes and **accommodative financing conditions**
- Private consumption** is expected to remain a **key driver of growth**, underpinned, *inter alia*, by a **resilient labour market** (although employment growth has stalled in most of the economies under review)
- Fixed investment** is also poised to **bolster overall growth**, with the public sector continuing to provide key impetus and private investment in digitalization and AI expanding strongly. Its contribution to growth is likely to be even more significant in the EU economies under review (Cyprus, Romania, Bulgaria), given the expiry of the Recovery & Resilience Facility (RRF) this year
- Export growth is expected to gradually strengthen as the adverse impact of higher U.S. tariffs on the EU economy fades and the EU cyclical upswing gains momentum. However, strong import growth -- driven by solid domestic demand with high import content -- is likely to lead to persistent **net export-related headwinds** for activity, though their impact should progressively lessen
- The need for multi-year fiscal consolidation, on the one hand, and the weak starting point of the adjustment (in terms of momentum), on the other hand, paint a rather poor outlook for the **Romanian** economy

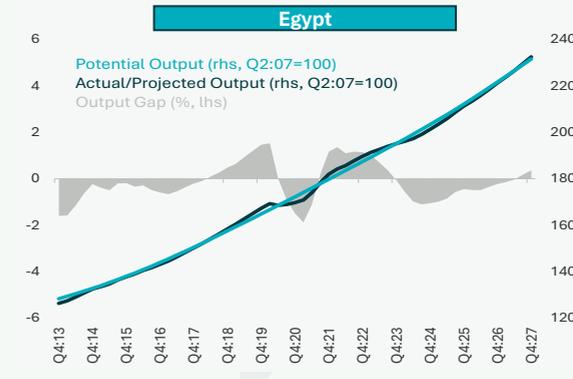
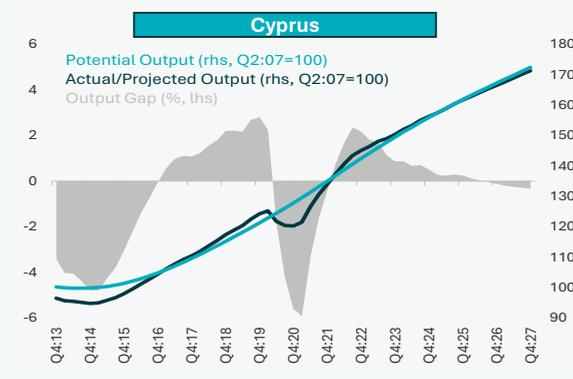
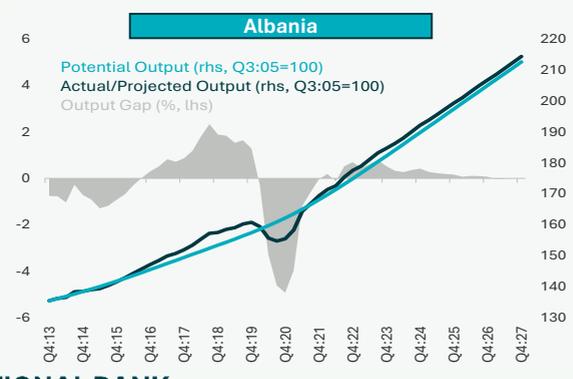
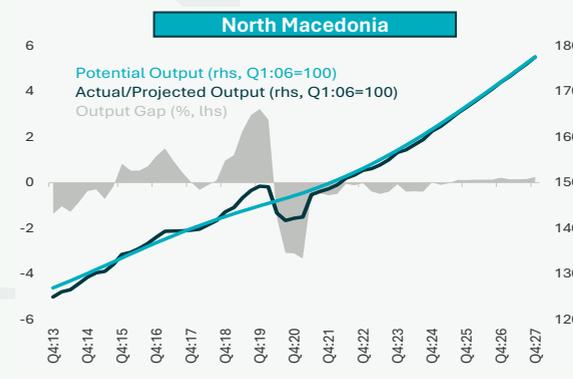
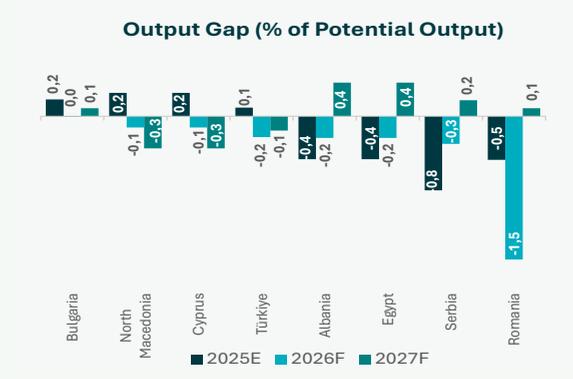
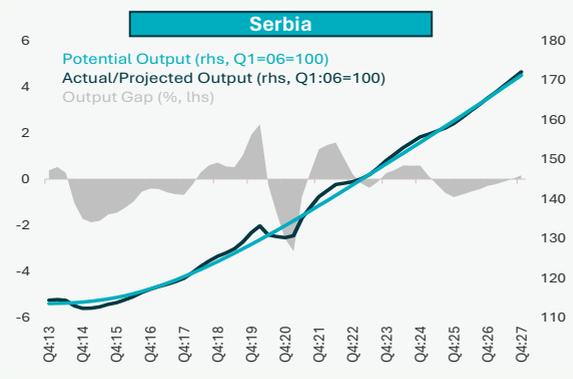
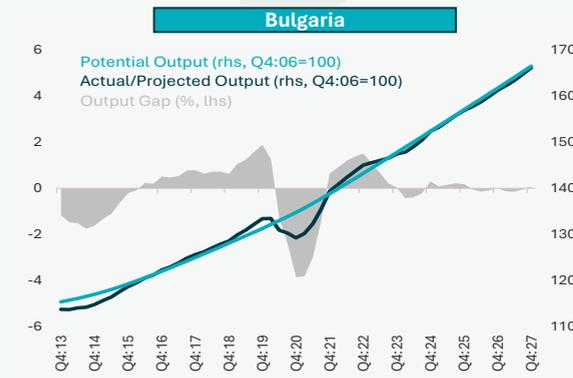
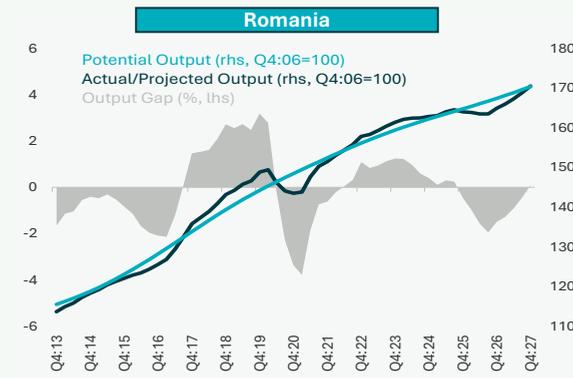
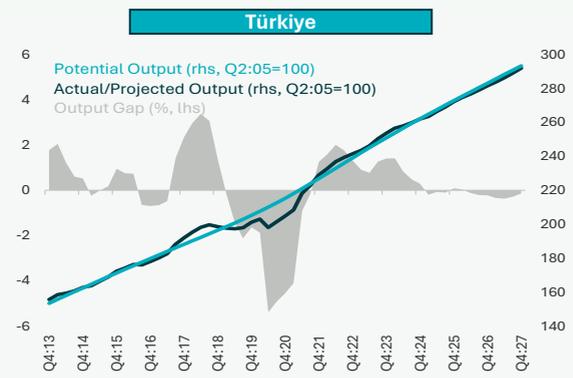


- Risks to the outlook remain **tilted to the downside**, with **geopolitical uncertainty** -- potentially involving energy market tensions and supply chain frictions along with an increase in risk aversion -- **dominating the outlook**. Worryingly, **global trade uncertainties** from unpredictable US tariff policy **have yet to subside**. A downward adjustment to expectations for AI-related productivity gains may dampen investment and prompt a repricing in financial markets. Climate-related factors, including more frequent extreme weather events, pose additional downside risks
- Focusing on the European Union (EU), which is the region's largest trading partner and therefore could have significant negative spillover effects on the economies under review, a **slower-than-envisaged rollout of the EU defense plan** and **Germany's massive stimulus package** would weaken its cyclical upswing. Moreover, larger fiscal deficits and rising public debt (with trajectories also influenced by political uncertainties in some member states) could raise pressure on long-term interest rates, leading to tighter-than-envisaged financing conditions. On the upside, the recent EU-India trade deal could provide a counterbalancing effect against US tariffs over the longer term
- In **Serbia**, following an extension of a temporary **US sanctions** waiver (due to expire on February 20) for the macro-critical oil company NIS, production resumed in January. Authorities must negotiate the divestment of the majority stake held by Russia's Gazprom Neft until late March to secure the continuation of operations, with Hungary's MOL reportedly agreeing to buy the stake. A failure to reverse the sanctions would have **significant repercussions on economic growth**, as NIS accounts for c. 80% of the market, while weakening Serbia's fiscal and external buffers

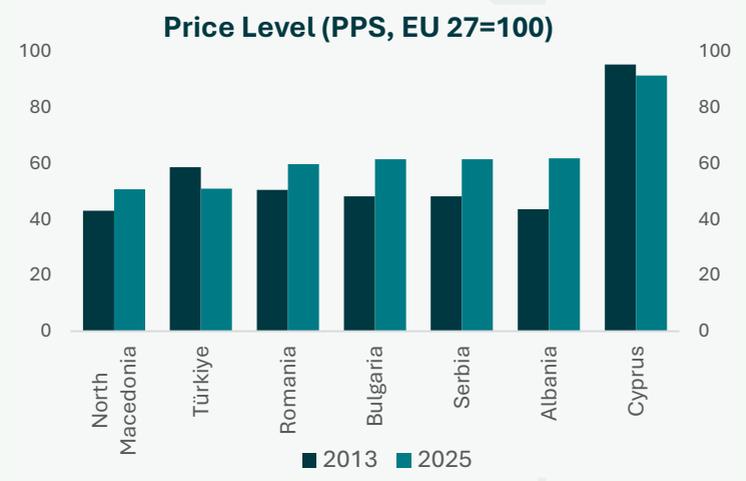
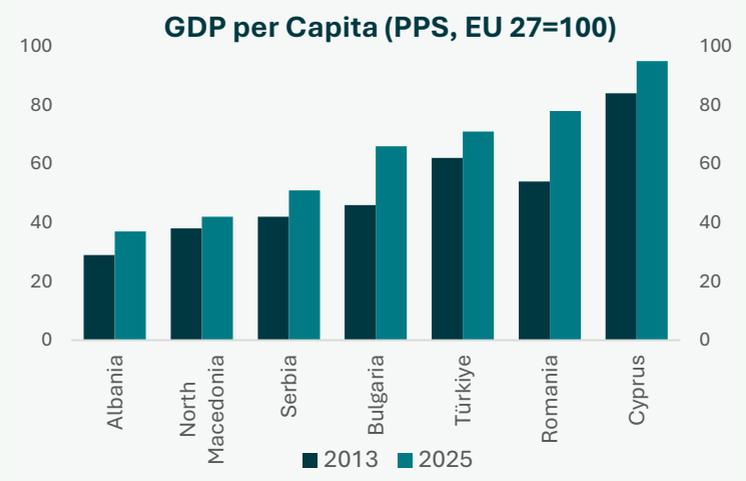


Output gap (4-quarter rolling)

- The structural transformation of the **Cyriot** economy, driven by the large relocation of foreign companies to benefit from its attractive headquartering policy has been resulting in continued above-trend GDP growth. A boom in **Albania's** tourism sector has led to economic growth -- at least until recently -- surpassing its potential growth rate
- Most of the economies under review are expected to grow at a pace **lower but not far off their potential** over the forecast horizon
- The ongoing multi-year fiscal adjustment in **Romania** suggests that economic growth is set to underperform its potential in the years to come



- **Cyprus** is close to the EU average standards both in terms of GDP per capita and prices.
- **Romania** and, to a somewhat lesser extent, **Bulgaria** have been converging at a fast pace with the EU in real terms, driven by capital deepening and productivity gains, highlighting the benefits of EU membership. Full Schengen accession -- effective as of January 1, 2025 -- should help both economies fully reap the benefits of the single market
- **Bulgaria** became the 21st member of the euro area on January 1, 2026. While joining the euro area (per se) is unlikely to bring fundamental change in policies, given the long-standing currency board arrangement and high euroization of the economy, there are significant benefits. Indeed, besides a seat in the ECB's Governing Council, euro area membership should entail lower transaction and funding costs, and strengthened investor confidence through greater financial stability and reduced risks of financial contagion and a balance of payments crisis. Ultimately this should boost financial intermediation and support GDP growth. However, sustained economic convergence with the euro area will ultimately depend on the extent to which authorities implement the structural reforms necessary to stimulate investment growth
- The pace of **Türkiye**'s real convergence with the EU has been quite fast, despite the economy's chronic currency crisis, resulting from authorities' unconventional policy approach over the past years
- Convergence with the EU has been sluggish for EU candidate countries (**Albania, North Macedonia** and **Serbia**), reflecting persistent under-investment, due, among others, to entry and operation barriers in place (such as corruption, bureaucracy and informality), low employment (on the back, *inter alia*, of high emigration) and relatively weak total factor productivity growth. Assuming a potential growth of around 3.0% it would **take more than 30 years** to align the countries' per-capita GDP with that of the EU's



- The repayment process of **Cyprus**'s loan to the ESM has started, with annual repayments of c. EUR 1.0bn throughout 2031
- The EC disbursed EUR 1.0bn in Macro-Financial Assistance (MFA) to **Egypt** in January. The country is also set to receive USD 2.7bn this month once the IMF's Executive Board approves the review of its programme

IMF & EU Financial Support (EUR bn)																
		Türkiye	Romania	Bulgaria	Serbia		North Macedonia		Albania		Cyprus	Egypt				
Period		---	---	---	2022-2024 ^a	2024-2027 ^b	2020 ^c	2022-2024 ^d	2014-2017 ^e	2020 ^f	2013-2016	2016-2019	2020 ^c	2020-2021 ^a	2022-2026 ^{h,i}	2024-2027 ^j
Programme	IMF	---	---	---	2.4	---	0.2	0.5	0.4	0.2	1.1	11.9 ^g	2.8 ^g	5.2 ^g	8.0 ^g	---
	EU	---	---	---	---	---	---	---	---	---	9.0	---	---	---	---	5.0
Drawn so far	IMF	---	---	---	1.2	---	0.2	0.2	0.4	0.2	1.0	11.9 ^g	2.8 ^g	5.2 ^g	3.3 ^g	---
	EU	---	---	---	---	---	---	---	---	---	6.3	---	---	---	---	2.0
Repaid	IMF	---	---	---	---	---	0.2	---	0.3 since 2019	0.2 since 2023	1.1	7.5 ^g since 2021	2.8 ^g	4.8 ^g since 2023	---	---
	EU	---	---	---	---	---	---	---	---	---	0.4	---	---	---	---	---
Next Repayments	IMF	---	---	---	---	---	---	0.1 in 2026	0.03 in 2026	---	---	2.3 ^g in 2026	---	0.4 ^g in 2026	Starting in 2028	---
	EU	---	---	---	---	---	---	---	---	---	1.0 in 2026	---	---	---	---	---

- ^a Stand-By Arrangement (SBA)
^b under the Policy Coordination Instrument
^c Rapid Financing Instrument
^d Precautionary and Liquidity Line (PLL)
^e under Post-Programme Monitoring since 2018

^f under Post-Programme Monitoring since 2016

^g bn USD

^h Extended Fund Facility (EFF), extended by USD 5bn in 2024

ⁱ An arrangement under IMF's Resilience and Sustainability Facility (RSF) for green transition has been also approved, unlocking access to USD 1.3bn

^j concessional lending under EU's Macro-Financial Assistance (MFA), which is part of a broader support package, worth EUR 7.4bn, which also includes EUR 1.8bn in investments under the Southern Neighborhood Economic and Investment Plan and EUR 0.6bn in grants

- Absorption of EU funds under the 2021-2027 **Multiannual Financial Framework (MFF)** is expected to accelerate as the expiration date approaches, with funding allowed to be spent until 2030 under the T+3 rule
- Full absorption of the funds available under the **EU Recovery & Resilience Facility (RRF)**, with final payment requests due no later than September 30, 2026) should provide a significant impetus to economic growth in **Romania, Bulgaria** and **Cyprus**. Worryingly, their RRF absorption rates lag so far behind the EU average, with **Bulgaria** and, to a lesser extent, **Romania** suffering the most, due to the implications of political uncertainty on policy & reform implementation and structural deficiencies
- Funding under the **Security Action for Europe (SAFE)** defense instrument should partly compensate for the winding down of the RRF after 2026
- Serbia, North Macedonia, Albania** and **Türkiye** benefit not only from EU pre-accession assistance but also from cross-border spillover effects from the RRF
- EU pre-accession assistance has been complemented with the **Reform and Growth Plan for the Western Balkans** which envisages a total of EUR 6bn in financing (of which EUR 2bn as non-repayable support) for the period of 2024-2027. On a negative note, delays in reform implementation have led to postponed or partial disbursements of these funds to Serbia and N. Macedonia

EU Members			
Next Generation EU Fund (2021-26) & Multiannual Financial Framework (2021-27) (EUR bn)			
	Romania	Bulgaria	Cyprus
Recovery and Resilience Facility*	21.4	6.2	1.0
o/w Grants	13.6	6.2	1.0
Loans	7.8	---	---
Absorption Rate (% of total allocation)	50.1	53.0	55.7
Absorption Rate (% of EU average)	73.4	77.6	81.5
Other**	3.4	0.4	0.2
Multiannual Financial Framework***	55.4	18.6	1.5
Security Action for Europe (SAFE, EUR bn)			
Maximum (tentative) allocation	16.7	3.3	1.2
o/w Pre-financing	2.5	0.5	0.02

EU Candidate Countries			
Instrument for Pre-Accession Assistance (IPA III, 2021-27)* (EUR bn)			
Türkiye	Serbia	North Macedonia	Albania
4.7	2.0	0.8	0.8
Reform and Growth Facility for the Western Balkans (2024-27, EUR bn)*			
---	1.6	0.8	0.9

* indicative allocations

* For the loan component of the Fund, the allocations will depend on the demand of Member States. As a rule, Member States can request a loan worth up to 6.8% of its 2019 GNI.

**Includes amounts under React-EU, Just Transition Fund, European Agricultural Fund for Rural Development.

*** Includes Cohesion Policy allocations and payments under the European Agricultural Fund for Rural Development, the European Agricultural Guarantee Fund and the Just Transition Fund.

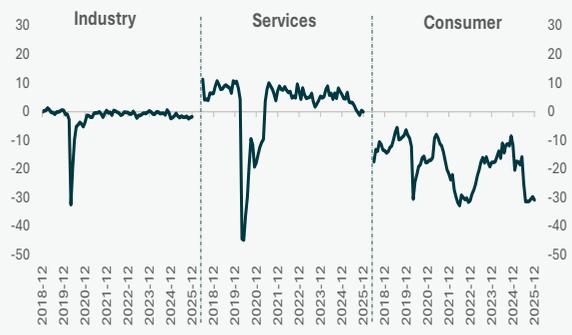
Economic Sentiment Indicator (difference between the % of respondents giving positive and negative replies, s.a.)

- Economic sentiment has turned **upbeat** recently in most of the economies under review. An exception is **Bulgaria**, where the resignation of the Government appears to have dampened confidence among economic agents.
- In **Serbia**, more than a year of political turmoil and the imposition of US sanctions on energy company NIS in late-2025 have significantly weighed on economic sentiment. In **Romania**, the launch of an aggressive fiscal consolidation program, following a highly contentious election cycle, has pushed sentiment well below its historical average
- Albeit off its post-pandemic peak, sentiment in most of the **services sectors** under review remains **positive**. While still subdued, sentiment in the **industrial sectors** has recently shown signs of improvement, in view of the cyclical upswing in the EU

Türkiye



Romania



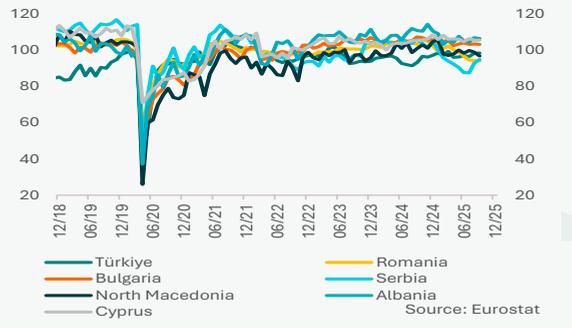
Bulgaria



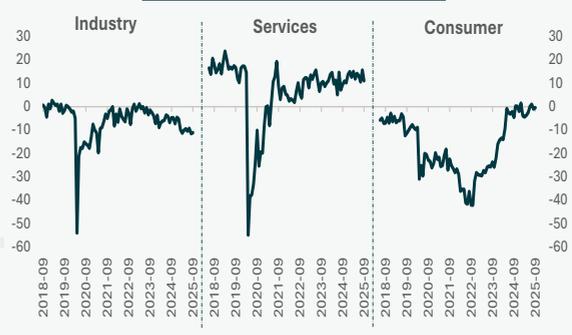
Serbia



Economic Sentiment Indicator



North Macedonia



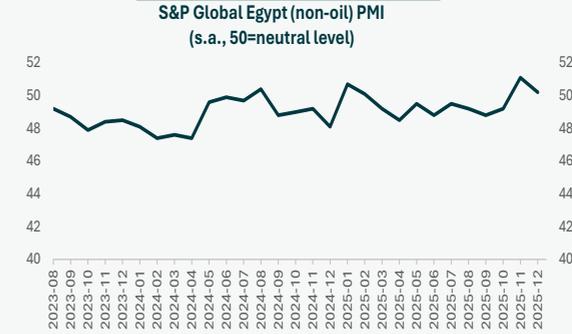
Albania



Cyprus

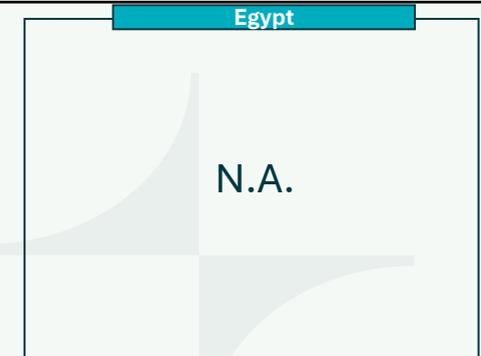
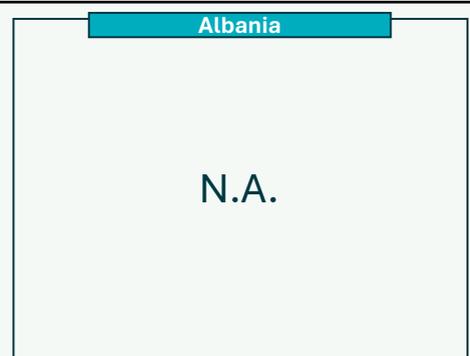
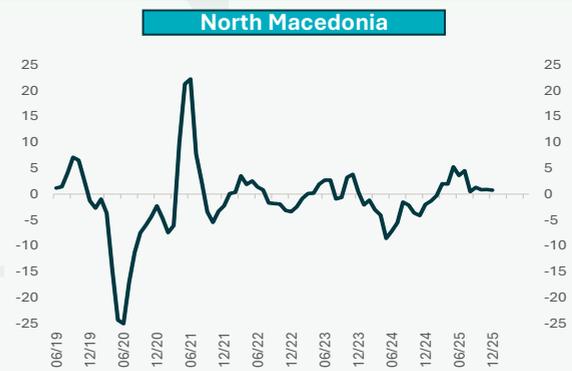
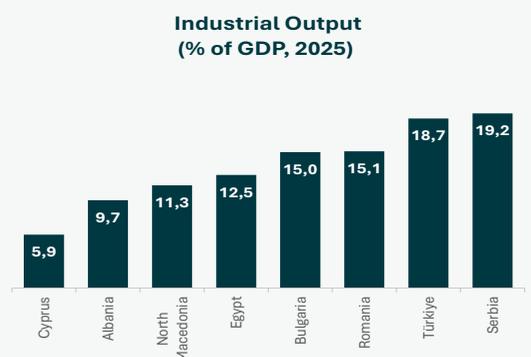
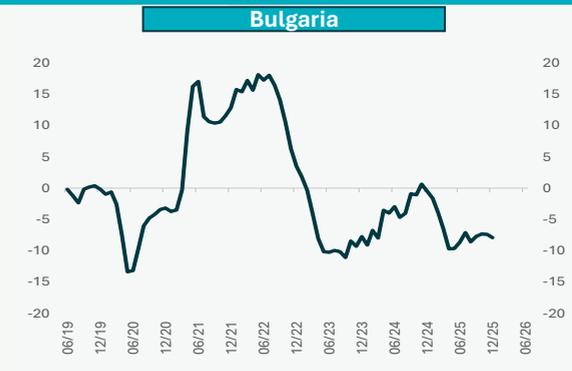
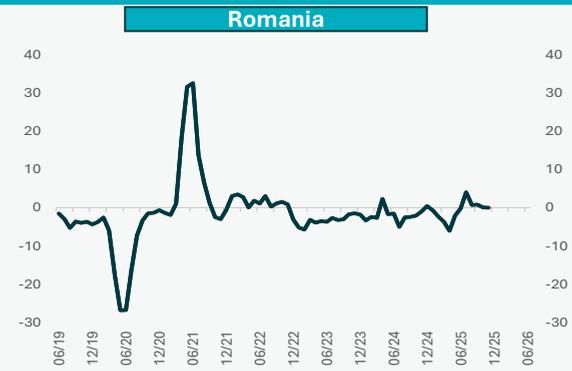


Egypt



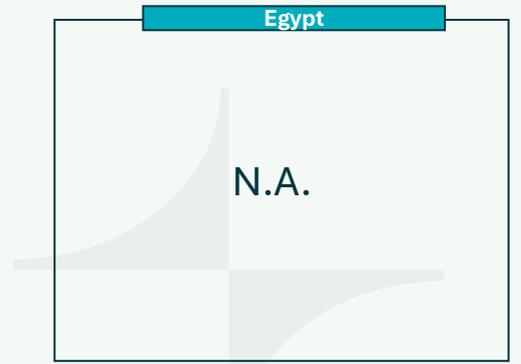
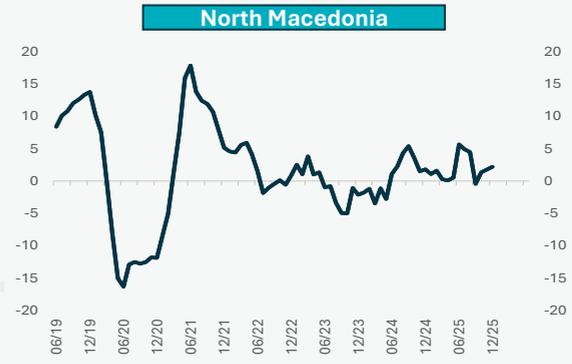
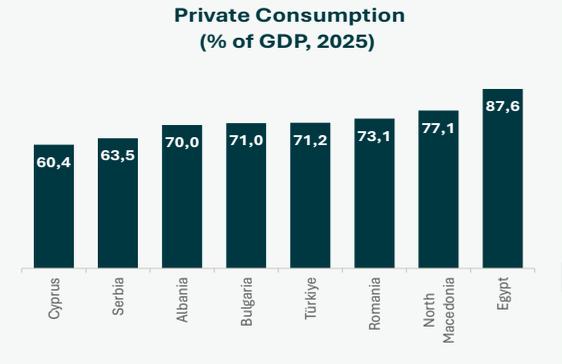
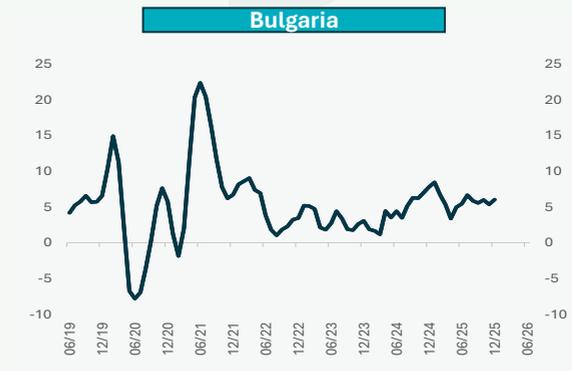
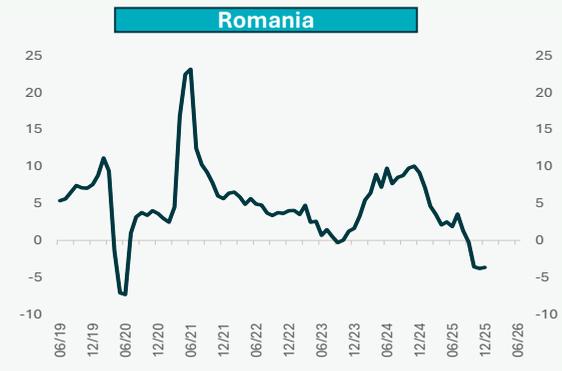
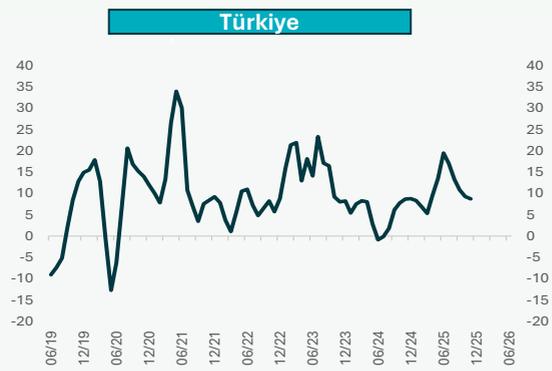
Industrial production (3-month rolling, y-o-y % change)

- Industrial production continued to **decline** in most of the economies under review in Q4:25, except in **Türkiye** and **Cyprus** (where the industrial sector plays only a minimal role in economic activity), while underlying dynamics showed no signs of improvement
- In **Serbia**, the plunge in industrial production is due to the suspension of operations at the oil company NIS as a result of US sanctions
- Healthy domestic demand in most of the economies under review has not translated into solid industrial output growth, underscoring the sectors' relatively **low position in global value chains** and their **reliance on external demand, primarily from the EU**. The envisaged **cyclical upswing in the EU bodes well for the sectors' outlook**. While the share of industrial exports going outside the EU remains small, stronger EUR and US tariffs are expected to continue weighing on the sectors' prospects



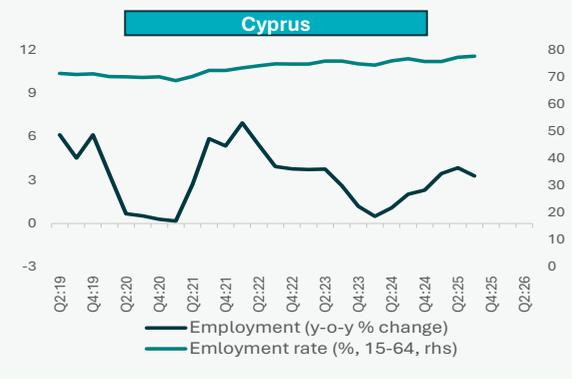
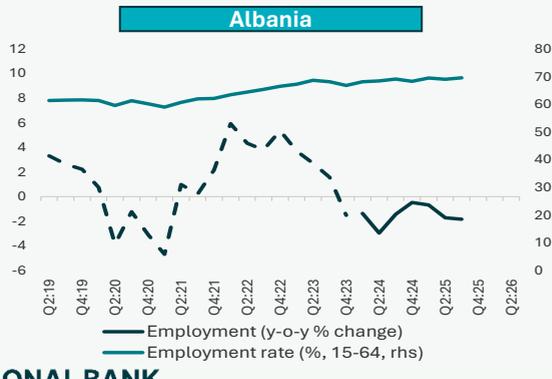
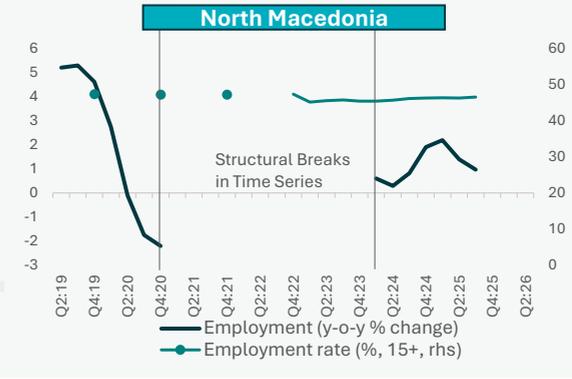
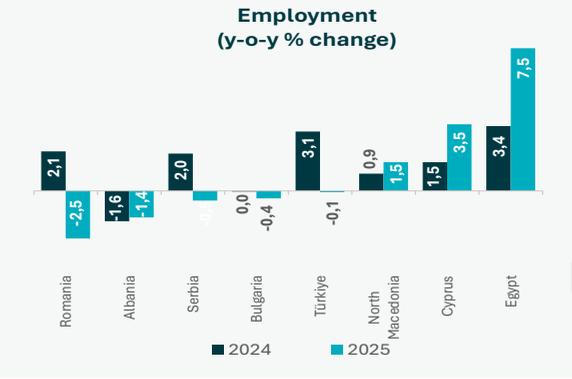
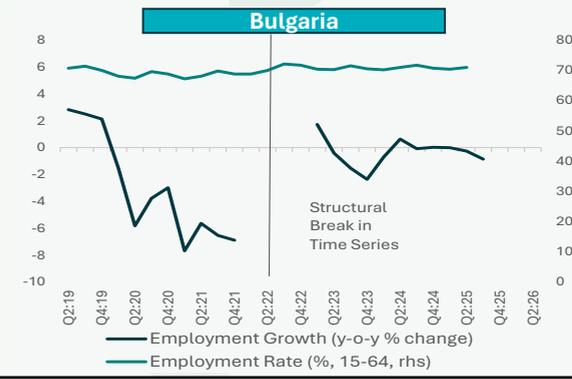
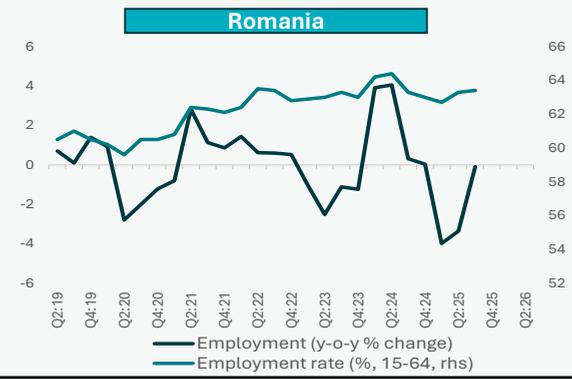
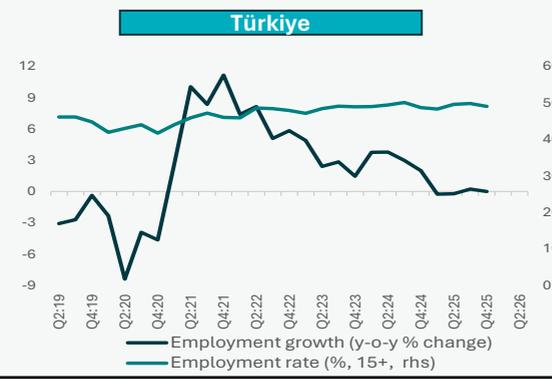
Retail Sales (constant terms, 3-month rolling, y-o-y % change)

- Retail sales **continued to grow** across all the economies under review, except Romania, driven by **robust expansion in real incomes**. With the exception of Türkiye, where the growth rate is slowing -- though still high -- other countries maintain strong growth momentum
- Weak consumer confidence** and **high household savings rates** in many of the economies under review (continue to) **constrain** consumer spending



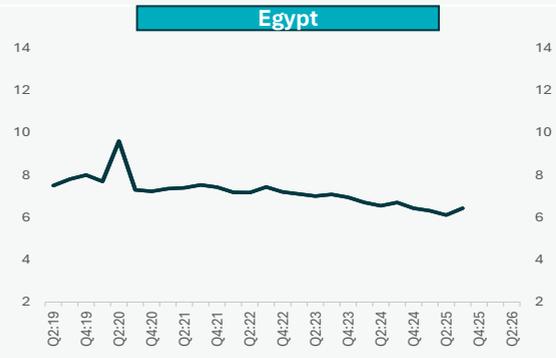
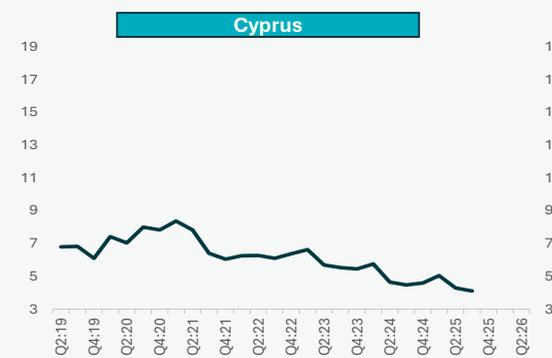
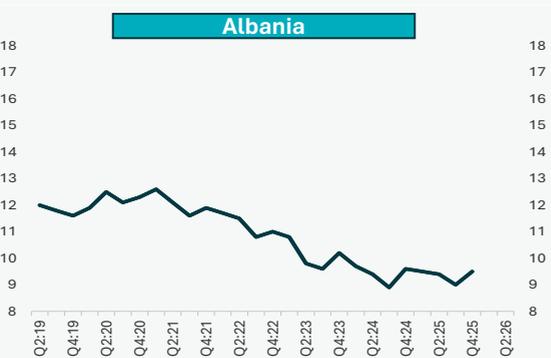
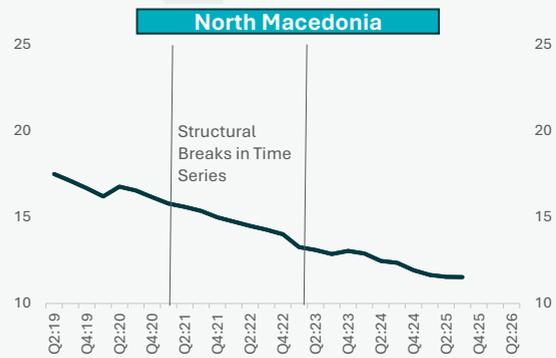
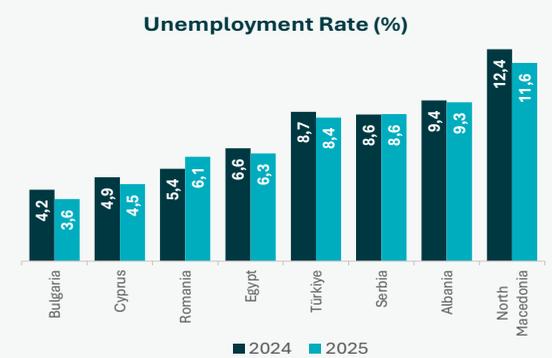
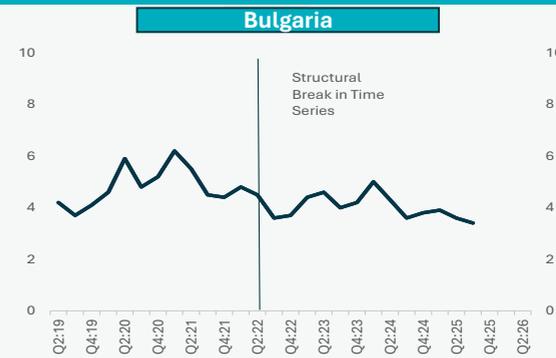
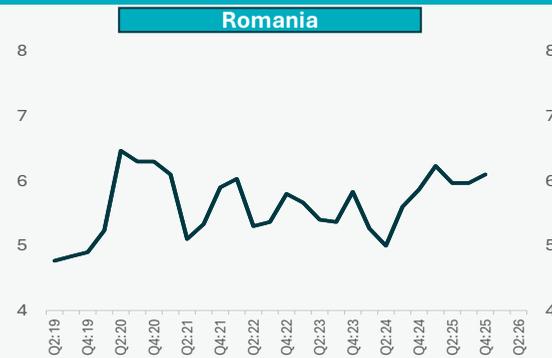
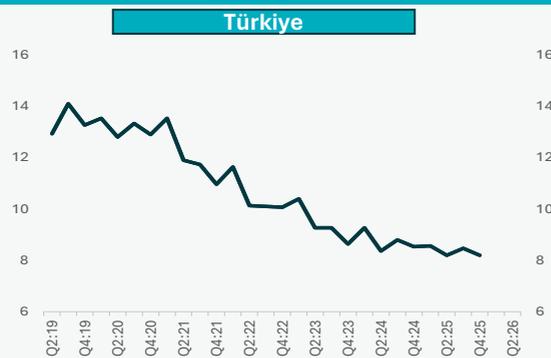
Employment growth (y-o-y % change) & Employment Rate (%)

- Employment growth has largely **stalled** in most of the economies under review. Still, considering employment and unemployment rates, overall labour market conditions remain **quite tight**
- Romania** has been experiencing signs of weakness in its labor market over the past 1½ years, and the situation is unlikely to improve given the poor economic outlook
- In **Cyprus**, the continuing influx of foreign workers, associated with foreign businesses relocating to the island, has been driving an upsurge in employment growth



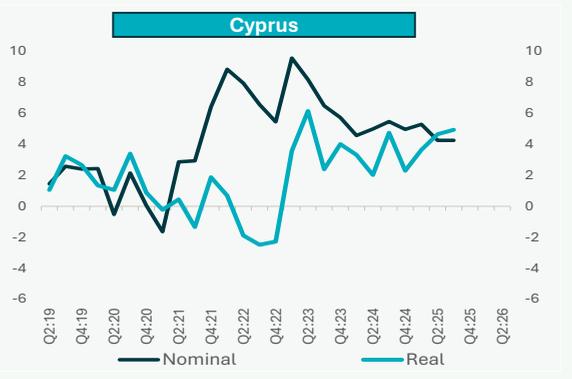
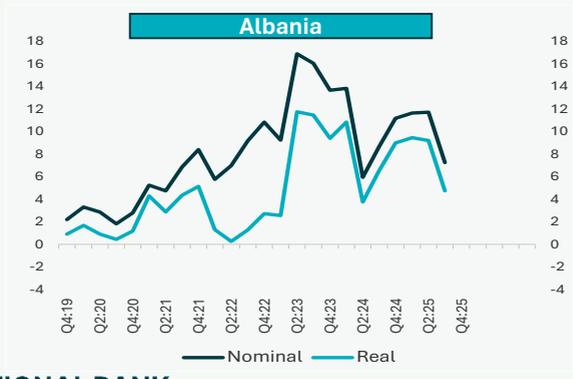
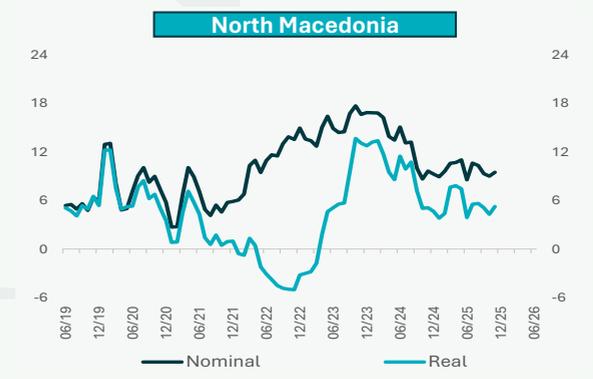
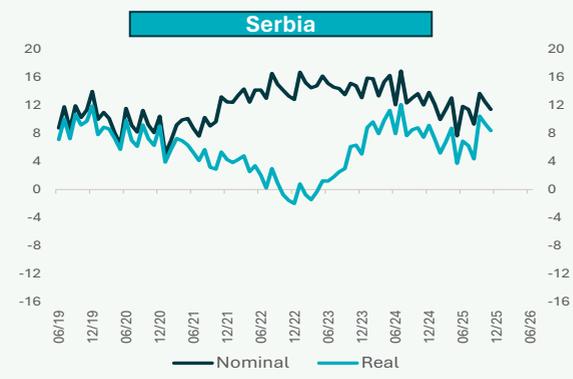
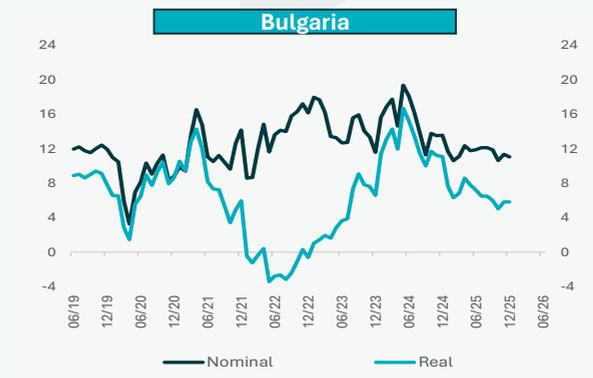
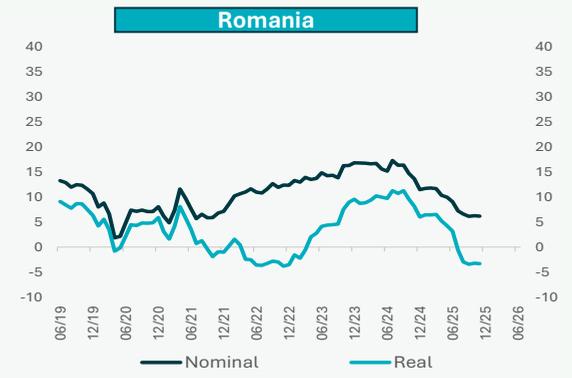
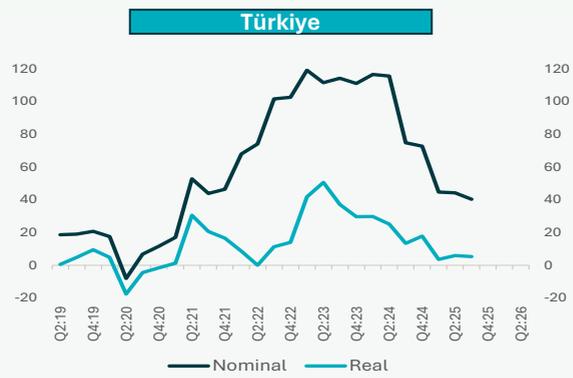
Unemployment rate (%)

- The unemployment rate has shown **signs of bottoming out** in most of the economies under review. However, the scope for further improvement appears to be limited, considering that the current rates are below those observed prior to the GFC in most of the economies and are combined with **record-high participation rates**
- In **Romania**, unemployment has been rising gradually, reflecting barely positive GDP growth amid aggressive fiscal consolidation efforts
- The exceptionally high and sluggish unemployment rates in **North Macedonia, Albania, and Serbia** largely reflect the significant share of grey economic activities. This could indicate much stronger underlying economic trends in these countries than what official data suggests



Nominal and real wages (y-o-y % change)

- Albeit having significantly slowed down, real ex-post wage growth remains solid in most countries under review, underpinning private consumption
- More prudent incomes policies, supported, *inter alia*, by improved inflation expectations, suggest that wage growth is expected to **moderate further** in the period ahead -- given that households have more than recouped the purchasing power losses incurred by households during the recent cost-of-living crisis. Nevertheless, wage growth is expected to remain **above historical averages** (and labour productivity gains), in line with still tight labour market conditions



- **Albania** remains the most competitive country in terms of labour costs in Southeastern Europe
- **Bulgaria** and **North Macedonia** have the most favourable personal and corporate income tax rates



Tax Rates (% , 2026)		
	Personal Income	Corporate Income
Türkiye	15.0 - 40.0	25.0-30.0
Romania	10.0	16.0
Bulgaria	10.0	10.0*
Serbia	10.0 – 20.0	15.0
North Macedonia	10.0	10.0
Albania	13.0 - 23.0	15.0
Cyprus	20.0 - 35.0	15.0
Egypt	10.0 – 27.5	22.5
Greece	9.0 - 44.0	22.0

* The effective CIT rate on Pillar 2 companies (i.e. mainly large multinational companies and large-scale domestic groups in the EU) is set at 15%, aligned with EU standards

Snapshot

Real Sector

External Accounts

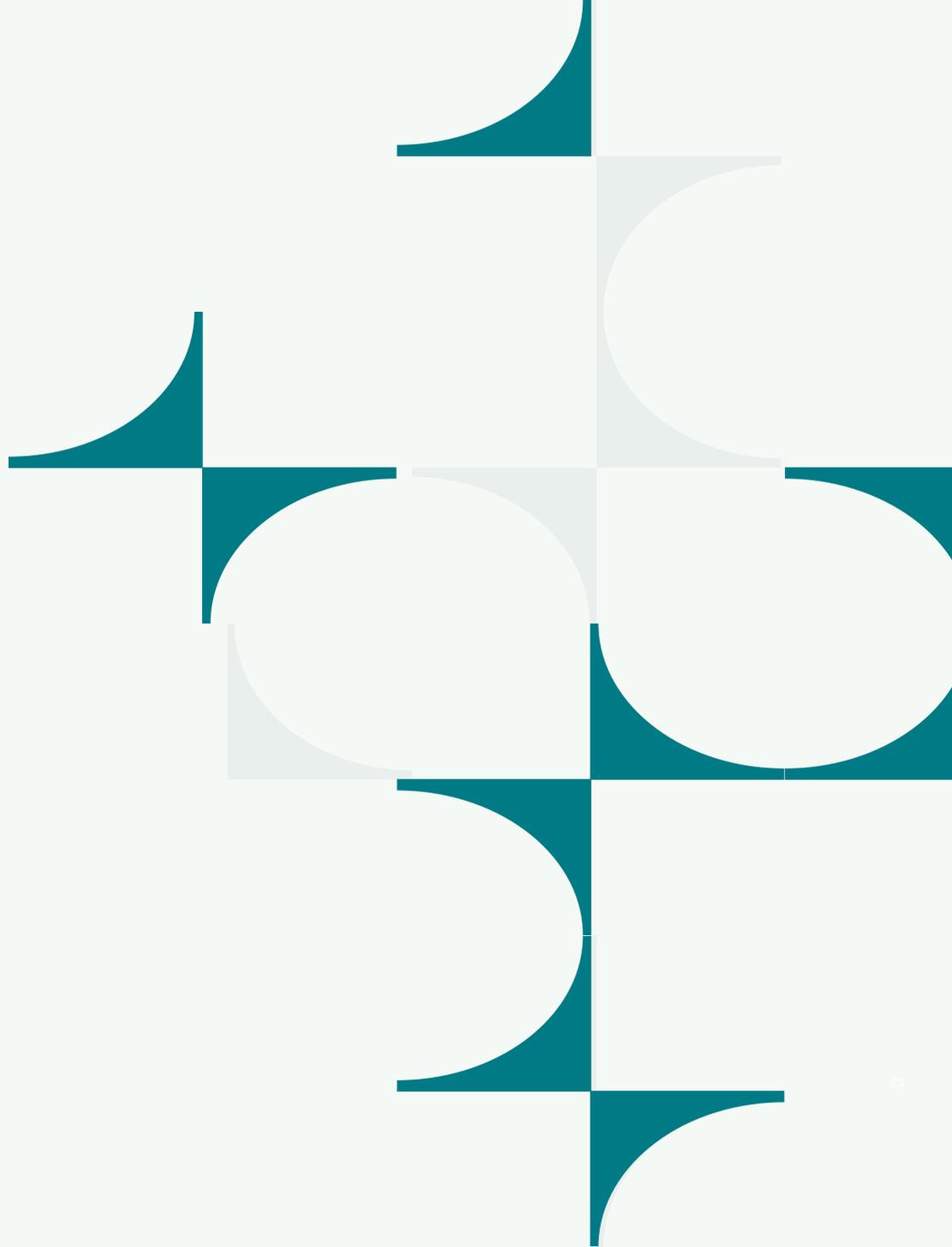
- External trade
- Real effective exchange rate
- Current account balance
- Net FDI
- Other net capital flows
- Balance of payments
- FX reserves
- Short-term external debt / FX reserves
- External debt

Prices & Monetary Policy

Fiscal Position

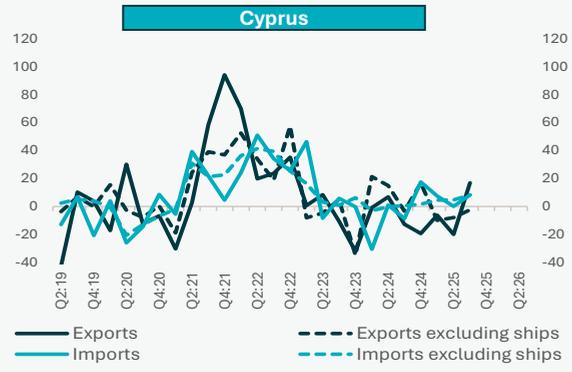
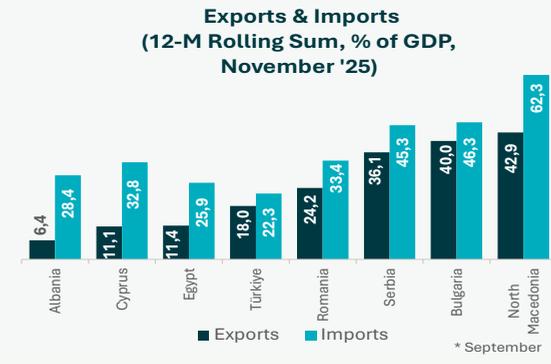
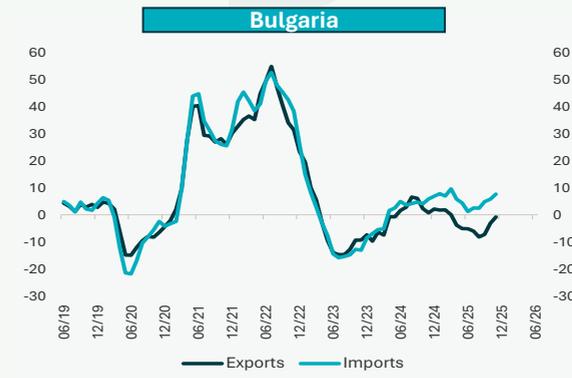
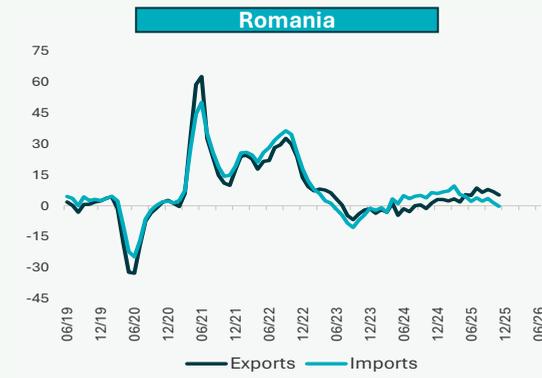
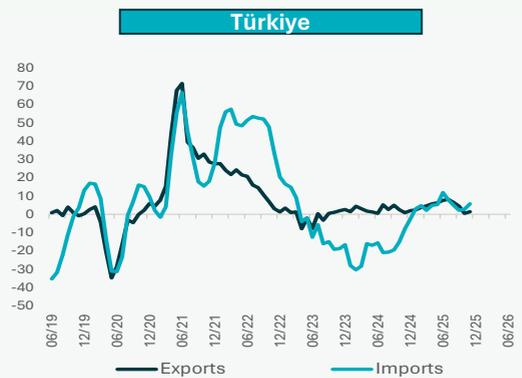
Financial Markets

Banking Sector



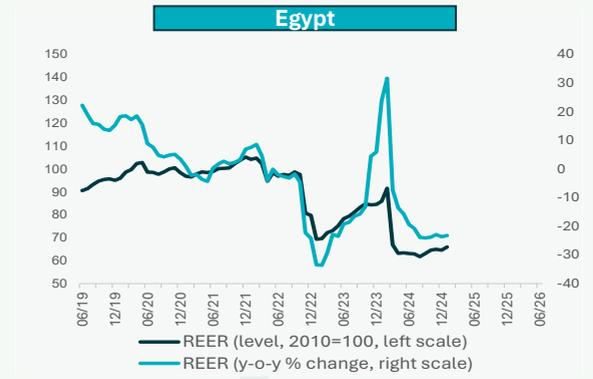
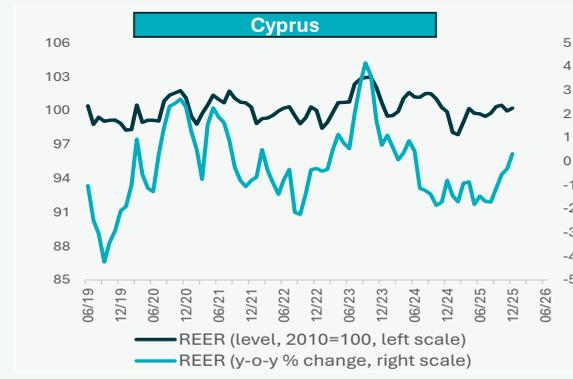
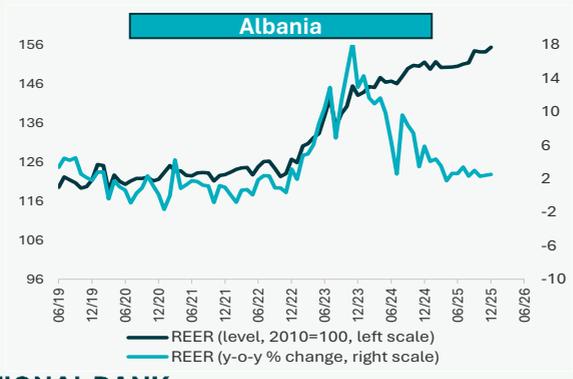
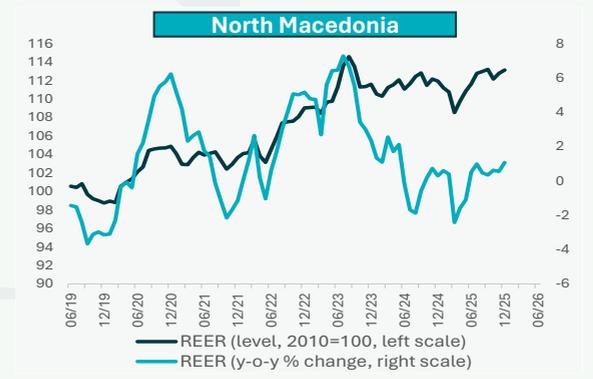
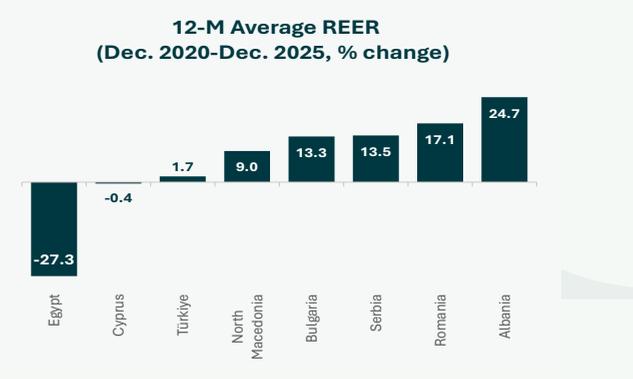
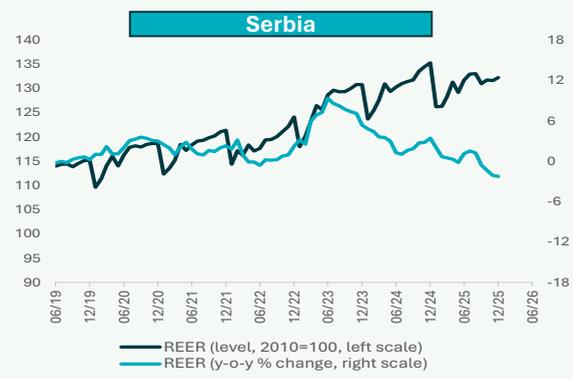
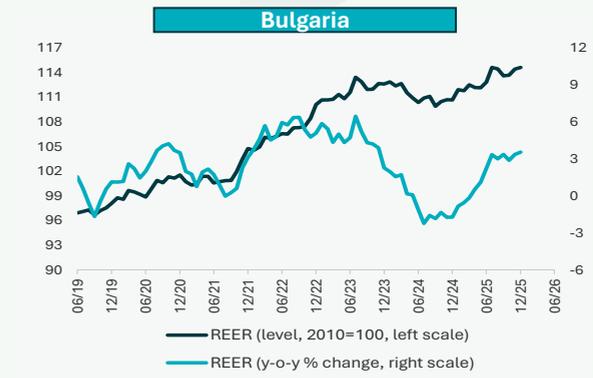
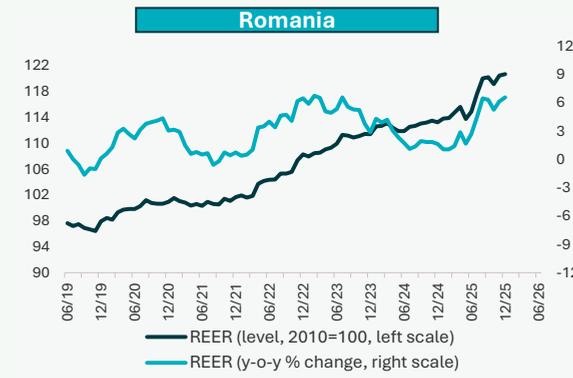
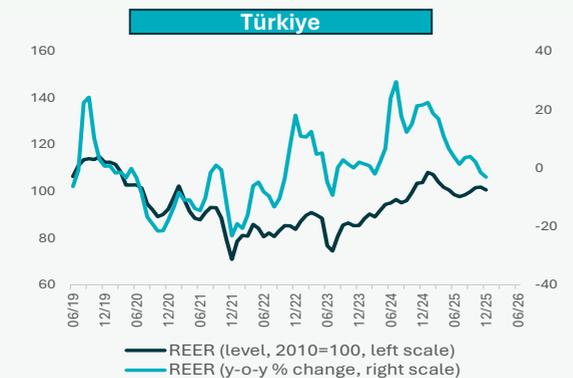
External trade (3-month rolling, y-o-y % change)

- Growth in external trade has been **losing steam**, following the unwinding of earlier frontloading ahead of anticipated higher US tariffs
- In **Bulgaria**, export growth is normalizing, following elimination of unfavourable base effects from maintenance works at two major exporters in H1:25
- The envisaged **cyclical upswing in the EU** should help **lift trade growth** from currently subdued levels over the period ahead



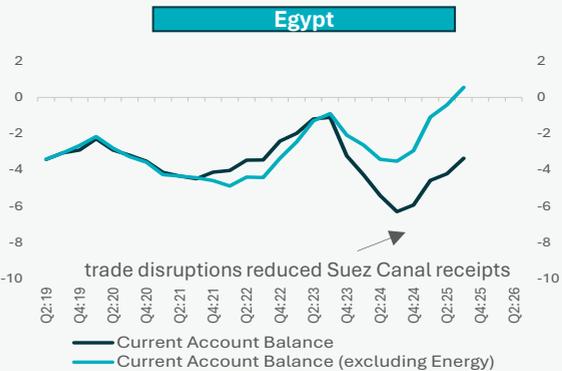
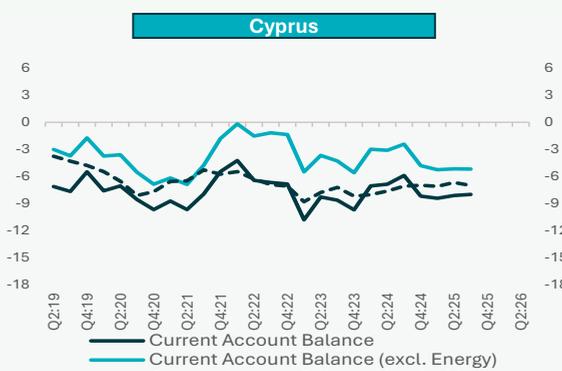
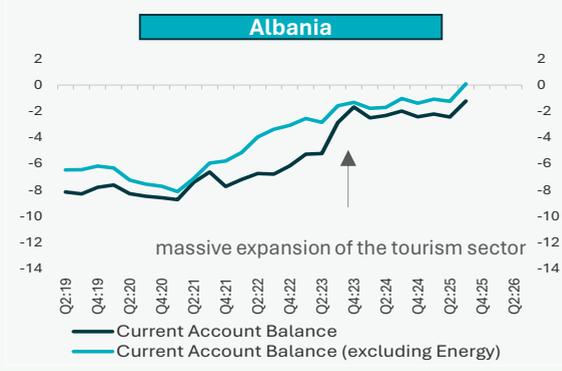
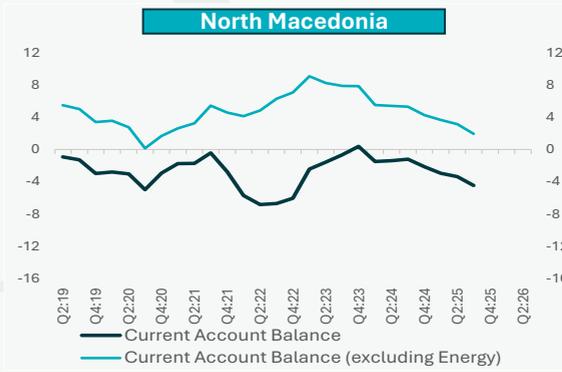
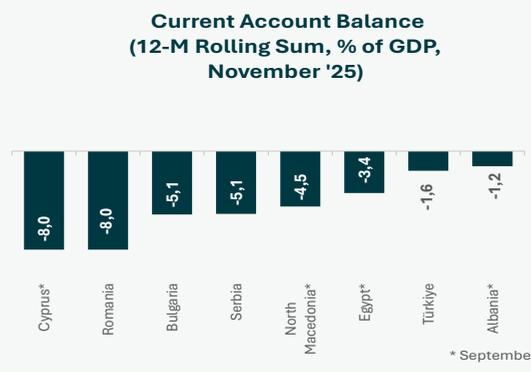
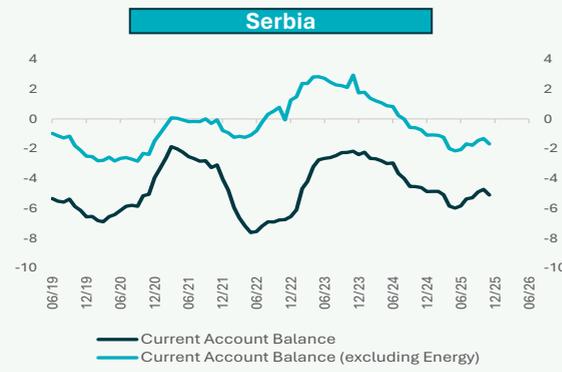
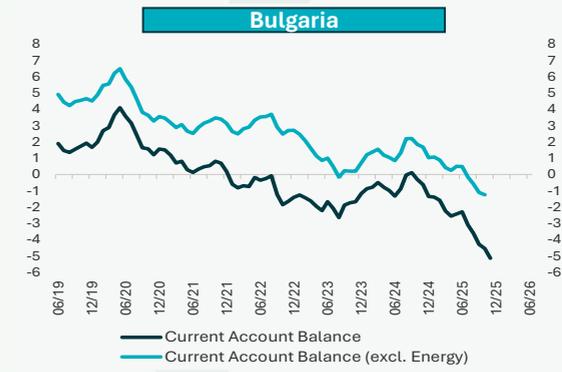
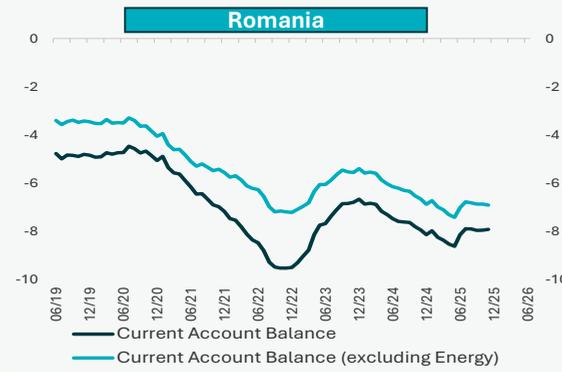
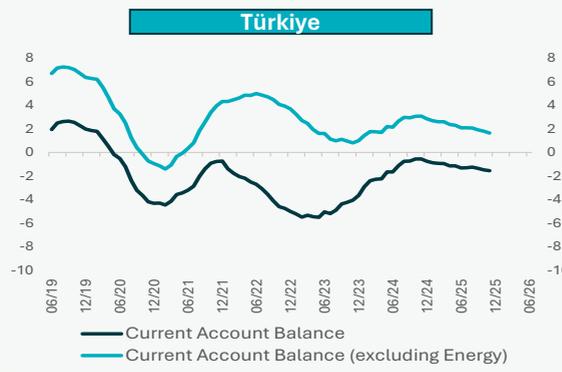
CPI-based real effective exchange rate

- High inflation has been eroding the gains in external price competitiveness from the massive depreciation of the **Turkish Lira** in nominal terms
- A booming tourism sector has driven a strong appreciation of **Albania's** currency in real terms over the past 5 years, with the latter weighing, however, on the competitiveness of the economy's manufacturing sector
- The sharp depreciation of the **Egyptian Pound** corrected the losses in external price competitiveness stemming from past stubbornly high inflation



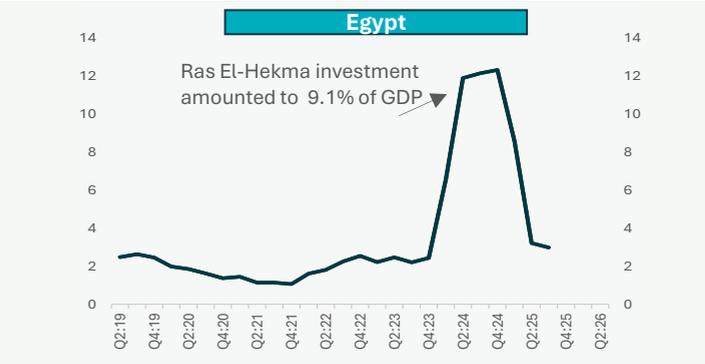
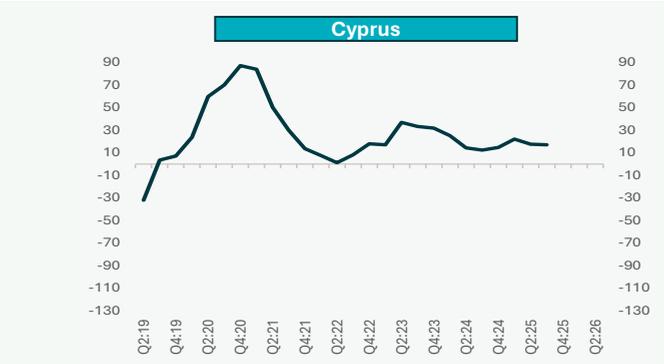
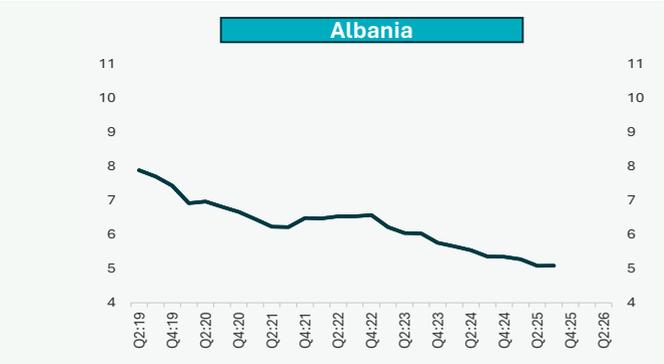
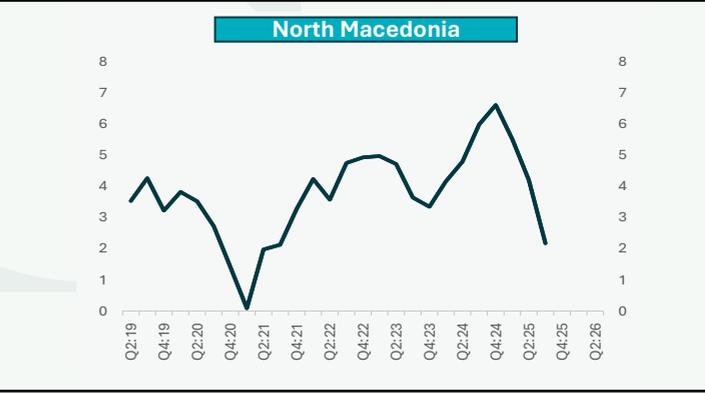
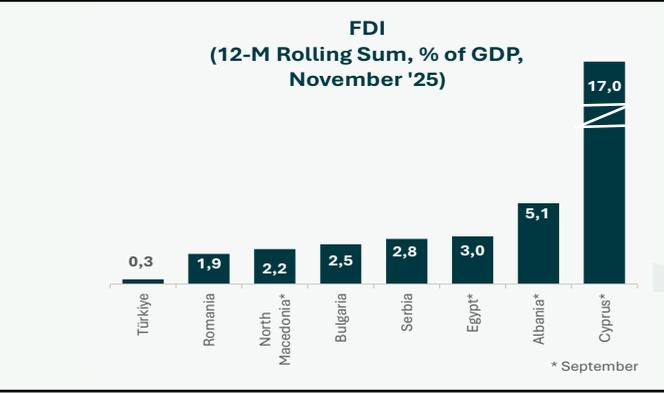
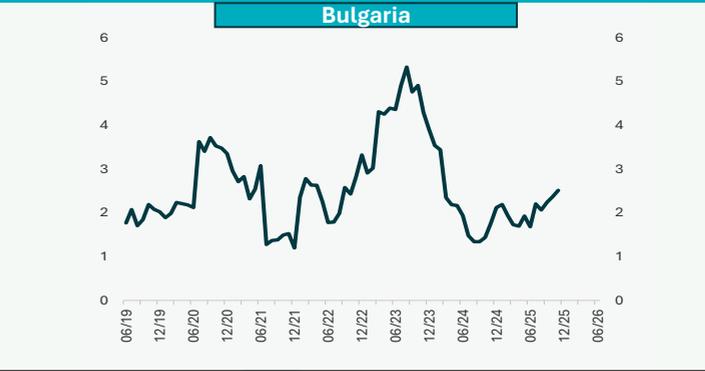
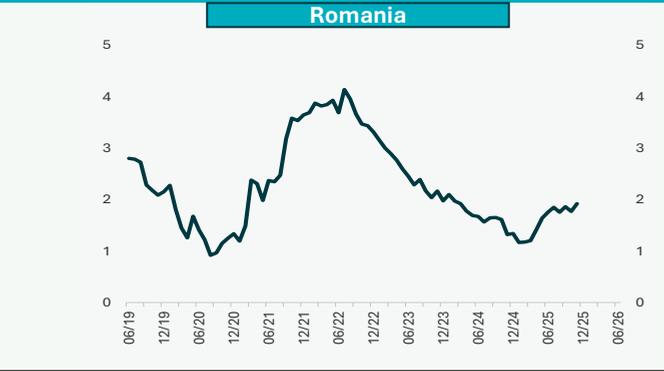
Current account balance (12-month rolling, % of GDP)

- In **Bulgaria** and **North Macedonia**, the current account deficit has been widening, in line solid domestic demand, especially public investment, which has a high import content. The deterioration in Bulgaria would have been smaller had it not been the pause in activity at two major exporters due to maintenance works
- In **Romania** and **Serbia**, moderating domestic demand has helped ease some pressure on still-elevated current account deficits
- In **Egypt**, rising remittances -- driven by strong labor markets in GCC economies, where most Egyptian workers are employed, as well as high-yield deposits in local currency -- along with improving tourism receipts, have been driving a correction in external imbalances



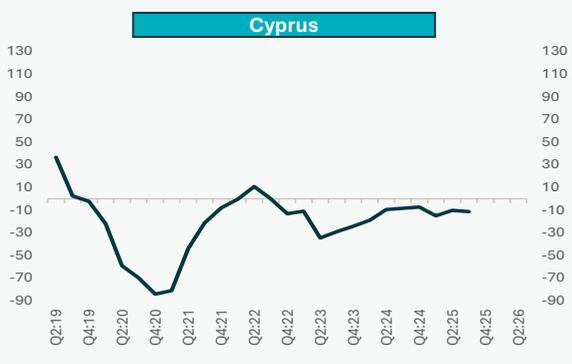
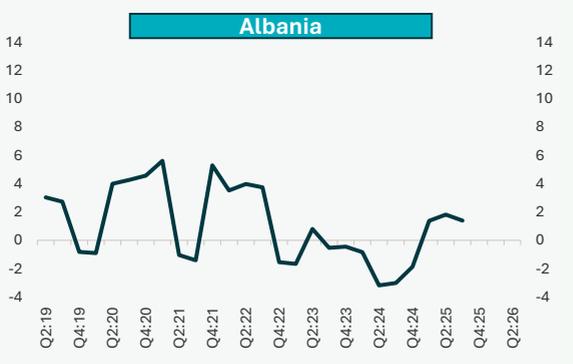
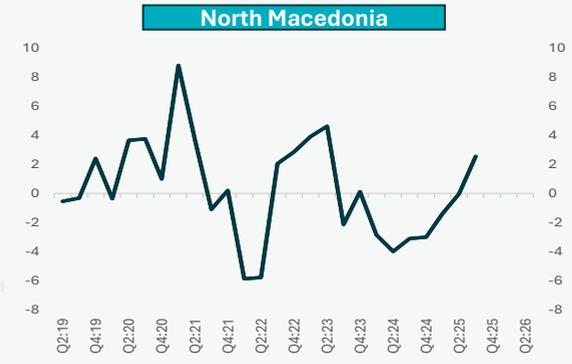
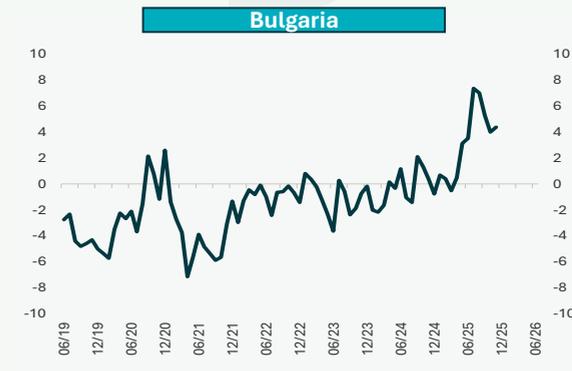
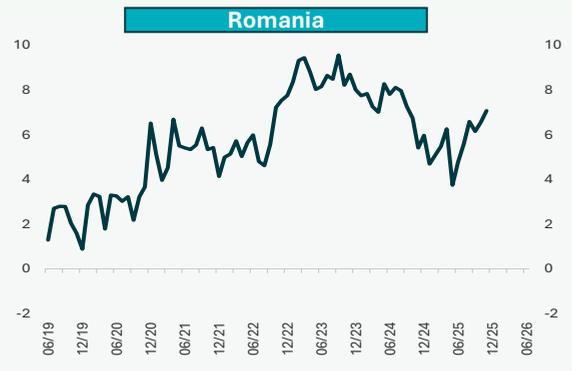
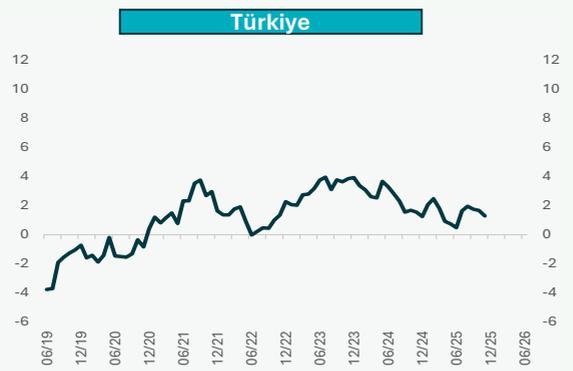
Net foreign direct investment (12-month rolling, % of GDP)

- Albania has historically enjoyed the strongest net FDI inflow in the region. In Egypt, SOE privatizations and large-scale foreign (mostly from GCC countries) -funded real estate investments should keep FDI high in the period ahead. Lingering political uncertainty has clearly affected FDI inflows to Serbia
- Continued challenges facing the EU's automotive industry could weigh on FDI in the sector, which accounts for a significant share of economic activity in Romania, Bulgaria and North Macedonia
- In a broader, long-term context, a further reconfiguration of global supply chains due to ongoing geopolitical fragmentation is likely to impact FDI flows, presenting both challenges and opportunities



Other net capital flows, excluding IMF funding and net errors and omissions (12-month rolling, % of GDP)

- Accommodative global financing conditions support investment flows to the economics under review
- Romania, Bulgaria, and Cyprus will continue to benefit from funding under the EU Recovery & Resilience Facility, particularly ahead of its expiration at the end of 2026



Balance of payments (12-month rolling, % of GDP)

- **Solid domestic demand**, on the one hand, and the **adverse impact of US tariffs** on global trade, on the other hand, suggest that trade balances are likely to remain **under pressure in the short-term** in most of the economies under review, despite **favourable global energy prices**. Later, the **positive spillover** from the envisaged cyclical upswing in the EU could gradually ease some of this pressure
- Demand for tourism services is expected to remain **solid** in 2026, driving **tourism activity to new record highs**. However, underlying growth is expected to moderate, suggesting **limited scope** for a significant improvement in tourism balances
- The current account deficit of the economies under review (excluding Romania and Cyprus) should remain **below** the empirical critical threshold of c. 5.0% of GDP
- Envisaged fiscal consolidation should help narrow gradually **Romania's** sizeable current account deficit
- **Egypt's** external balances should improve further, following kicking-in of gains in external competitiveness from the weaker EGP. Assuming tensions in the Middle East remain in check, Suez Canal traffic should continue rising, supporting the current account
- Accommodative global financing conditions should help most countries under review **plug their external financing gap** this year without drawing on FX reserves

Türkiye	Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F
Current account balance	-0.8	-1.5	-1.9	-2.3
Net FDI	0.4	0.3	0.3	0.3
Other net capital inflows *	1.3	-0.1	0.0	0.0

Bulgaria	Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F
Current account balance	-1.4	-2.5	-2.1	-1.6
Net FDI	2.0	2.4	2.6	2.9
Other net capital inflows *	-1.4	2.0	1.5	0.8

North Macedonia	Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F
Current account balance	-2.2	-4.3	-3.8	-3.4
Net FDI	6.6	4.6	4.6	4.7
Other net capital inflows *	-3.0	-0.8	0.0	0.0

Cyprus	Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F
Current account balance**	-8.2	-8.2	-8.0	-7.8
Net FDI**	14.7	17.0	17.9	18.9
Other net capital inflows *	-7.3	-7.9	-7.2	-8.6

** Gross in/out-flows related to financial SPEs are sizeable and volatile

*: excluding IMF and ESM funding and net errors and omissions, #: Fiscal year ending on June 30th

Romania	Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F
Current account balance	-8.2	-8.0	-6.7	-6.2
Net FDI	1.3	1.1	1.1	1.1
Other net capital inflows *	7.1	7.6	6.4	5.9

Serbia	Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F
Current account balance	-4.9	-4.8	-5.6	-4.8
Net FDI	5.6	2.9	3.4	4.1
Other net capital inflows *	1.8	1.6	2.7	2.3

Albania	Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F
Current account balance	-2.4	-1.5	-1.9	-2.5
Net FDI	5.3	5.1	5.1	5.2
Other net capital inflows *	-1.9	-0.2	-0.4	-0.4

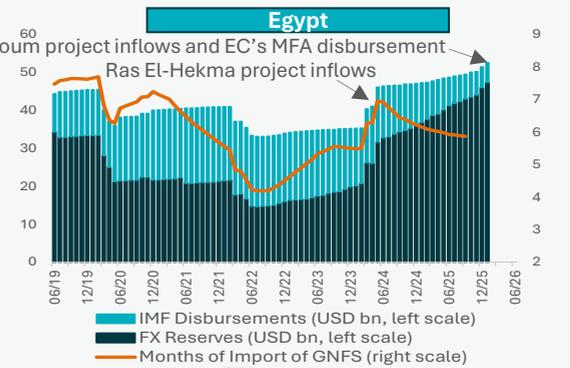
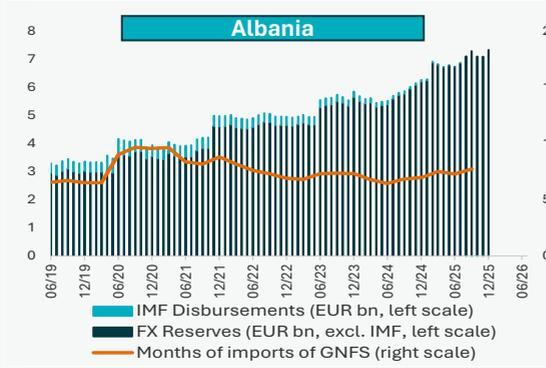
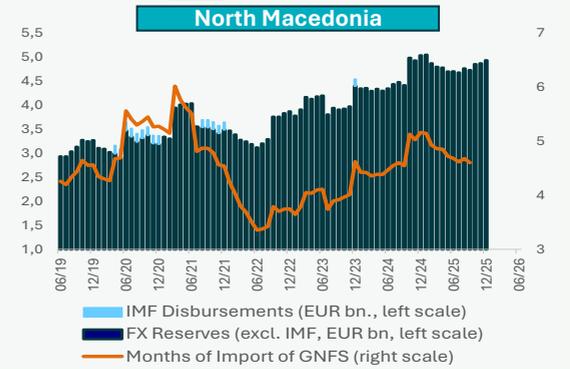
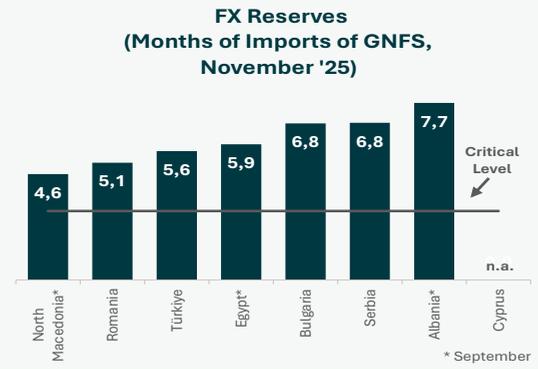
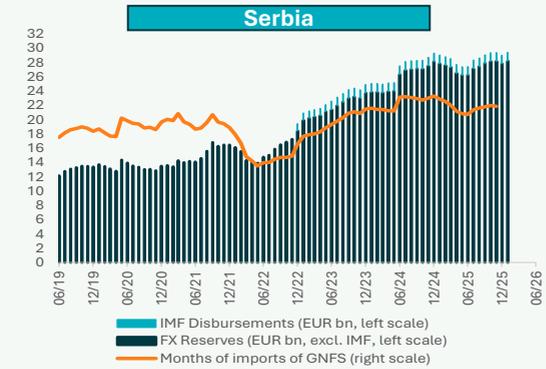
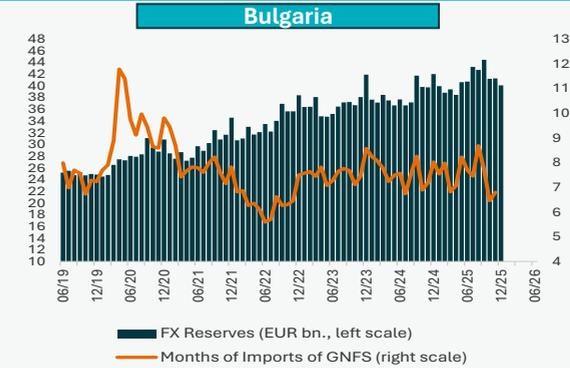
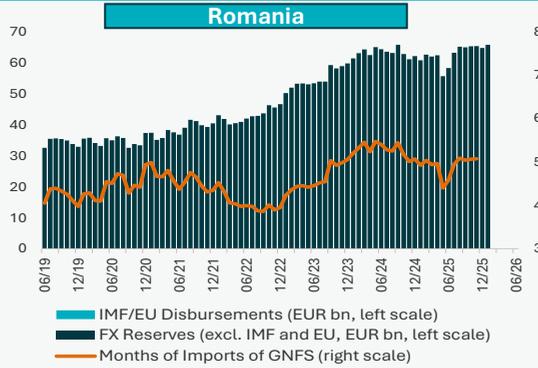
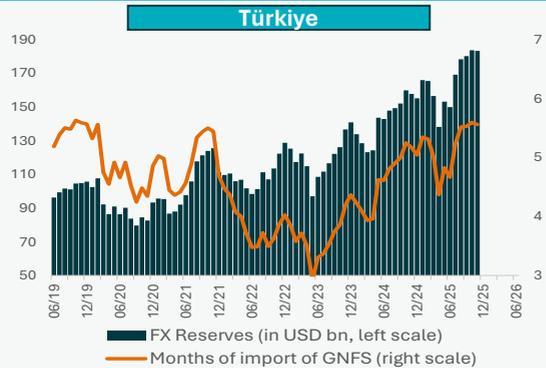
Egypt#	Jun. 24	Jun. 25	Jun. 26F	Jun. 27F
Current account balance	-5.4	-4.2	-3.6	-3.4
Net FDI	11.9***	3.2****	3.8	2.8
Other net capital inflows *	-3.2	-0.7	0.6	0.9

***: including divestment proceeds from the Ras El-Hekma project

****: including the disbursement of USD 3.5bn from Qatar's Alam El Roum investment project in December 2025

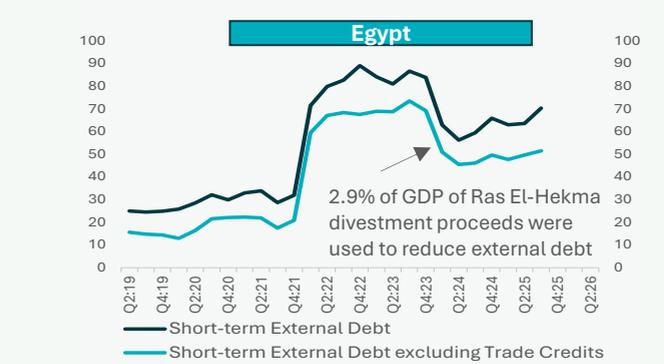
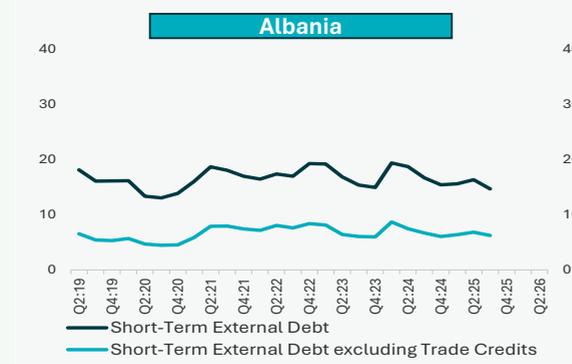
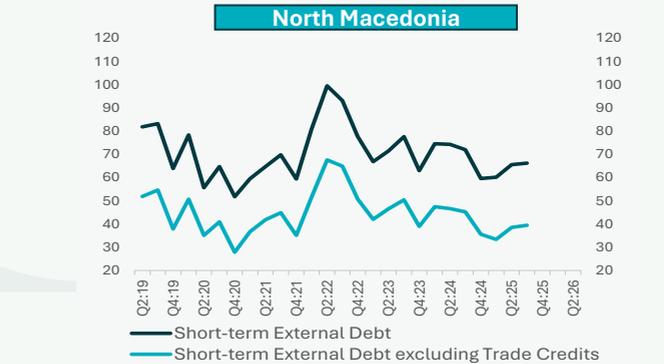
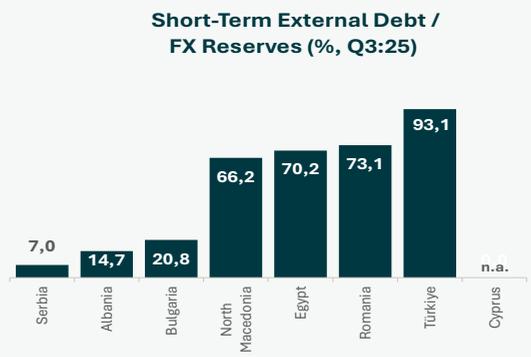
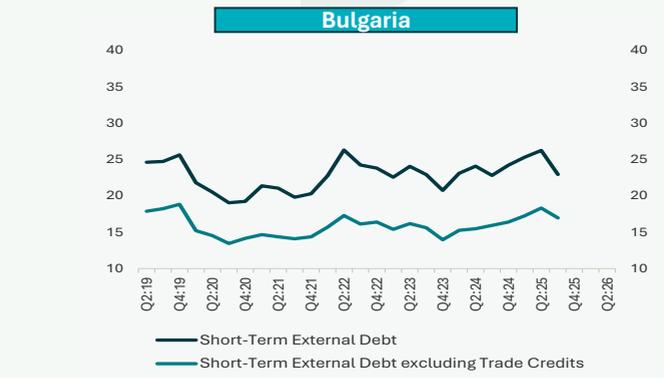
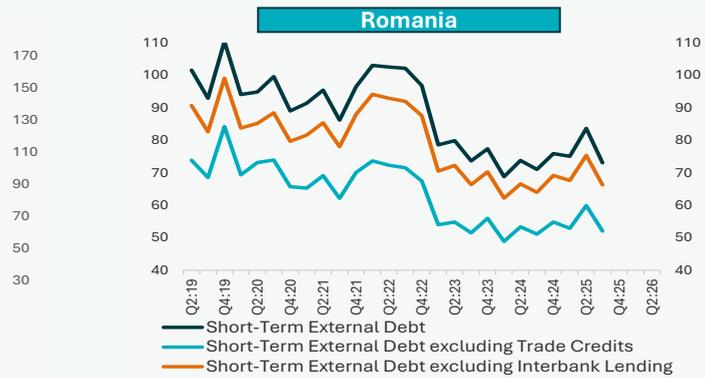
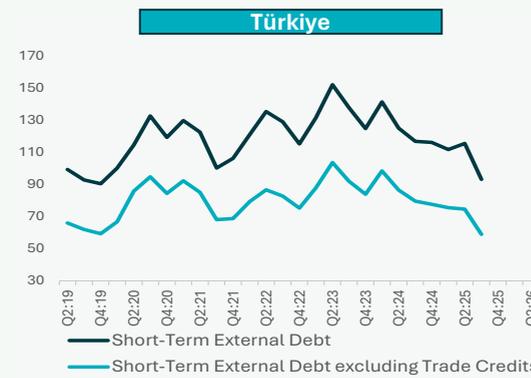
Foreign exchange reserves

- Türkiye, Romania and Serbia have more than recouped the losses in FX reserves suffered in early-2025
- The sharp appreciation of gold (up c. 85% since end-2024) has helped boosting FX reserves, especially in the case of Türkiye whose gold holdings account for a significant part of its total FX reserves
- Inflows under the Qatar's Alam El Roum and disbursements under the EC's Macro Financial Assistance programme boosted Egypt's FX reserves recently
- FX reserves stand at **adequate** levels in all countries under review, covering more than 4 months of GNFS imports



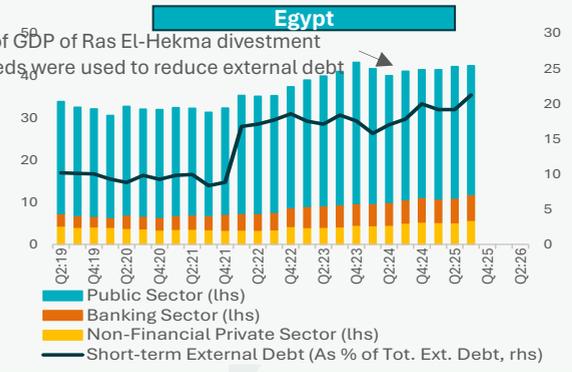
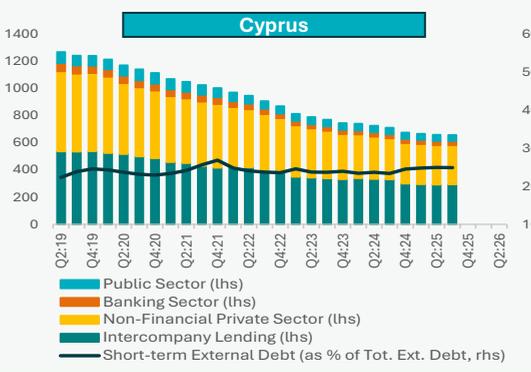
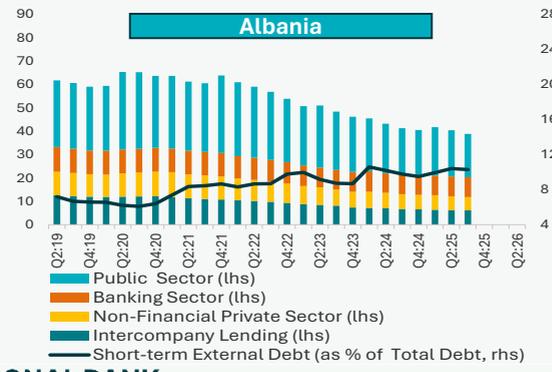
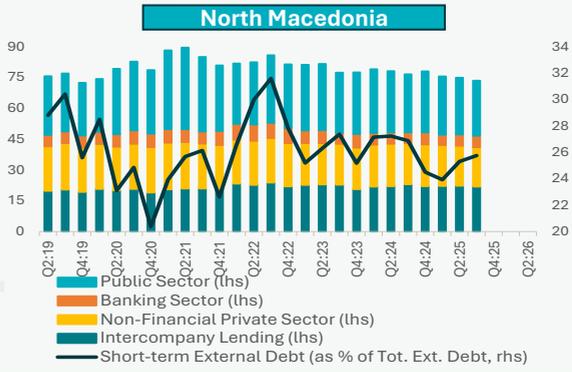
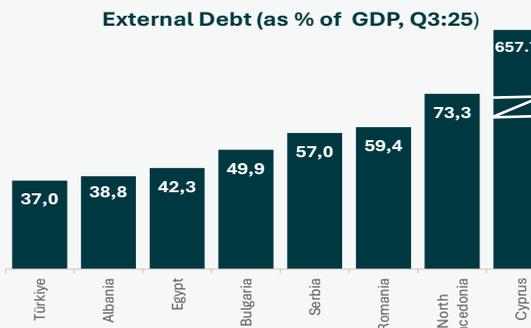
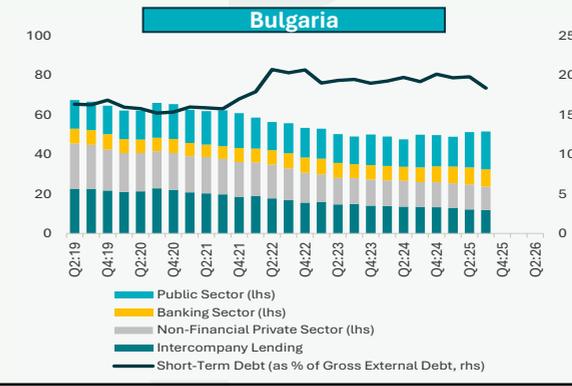
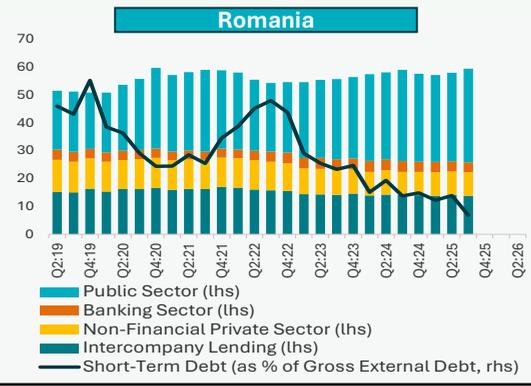
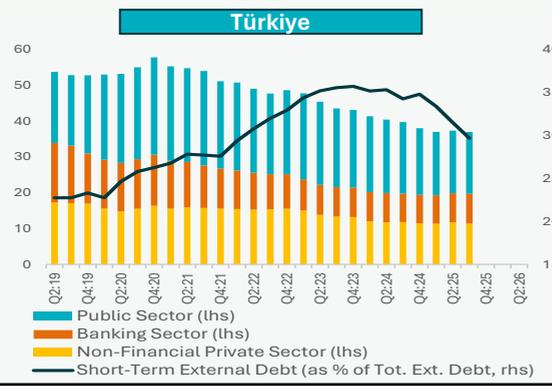
Short-term external debt-to-Foreign exchange reserves ratio (%)

Short-term external debt is comfortably covered by FX reserves in all the countries under review, particularly in Serbia, except for Türkiye



External debt (% of GDP)

- Modest current account deficits, along with solid -- yet easing -- GDP growth (denominator effect), should keep the external debt-to-GDP ratio broadly **at current levels** over the forecast horizon in most of the countries under review
- Sluggish GDP growth and elevated financing needs suggest unfavourable dynamics in the case for **Romania**



Snapshot

Real Sector

External Accounts

Prices & Monetary Policy

Inflation

Energy & Food prices and Transport costs

Nominal effective exchange rate

Policy rate

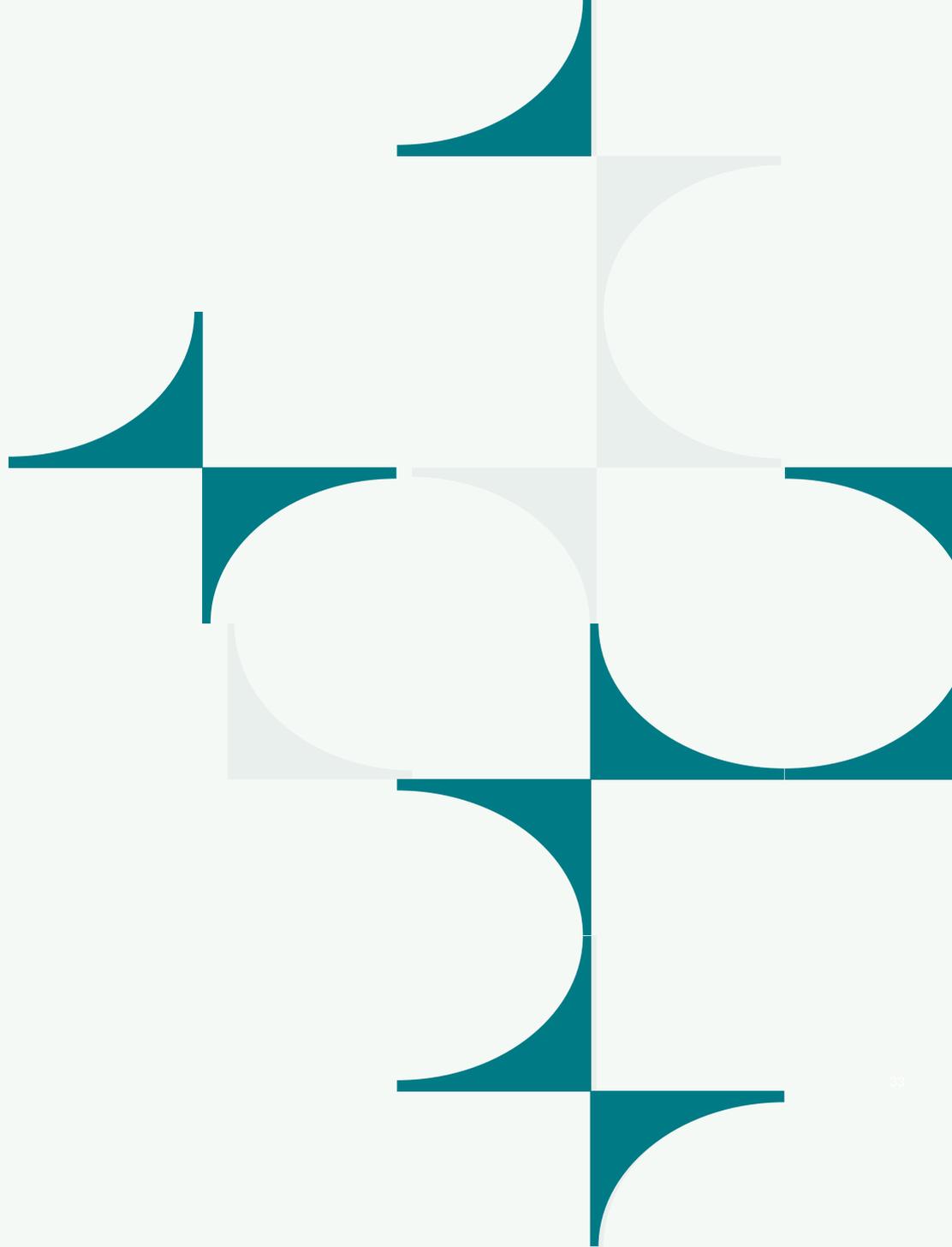
Reserve requirement ratios

Real estate prices

Fiscal Position

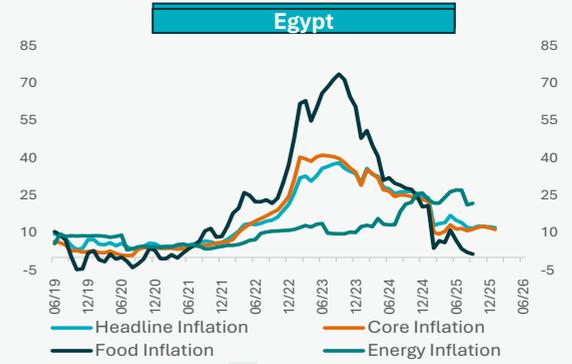
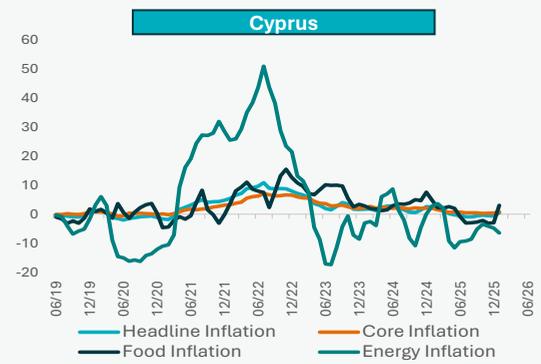
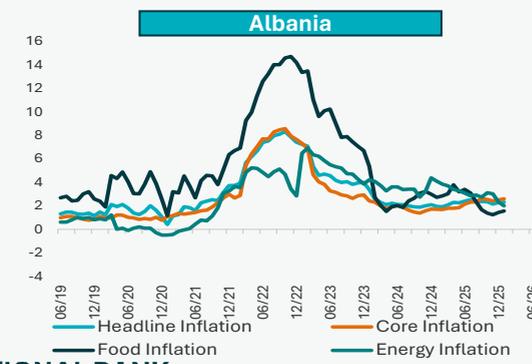
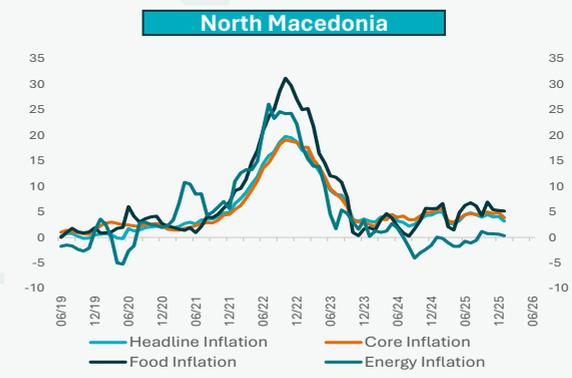
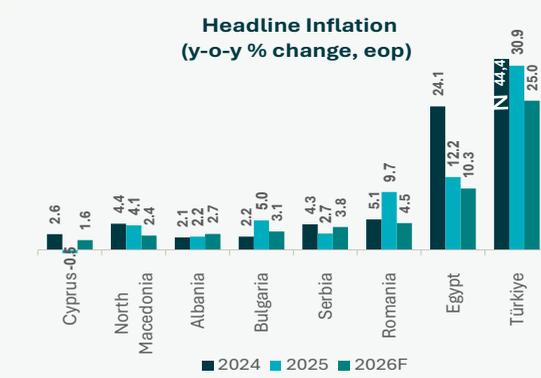
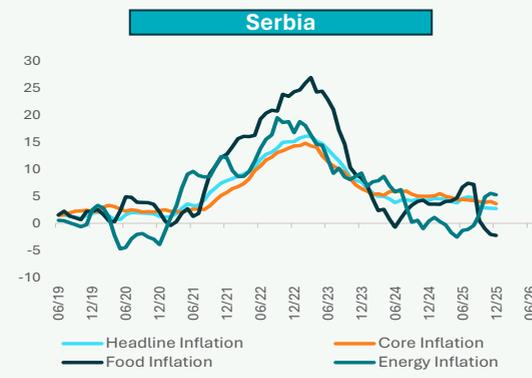
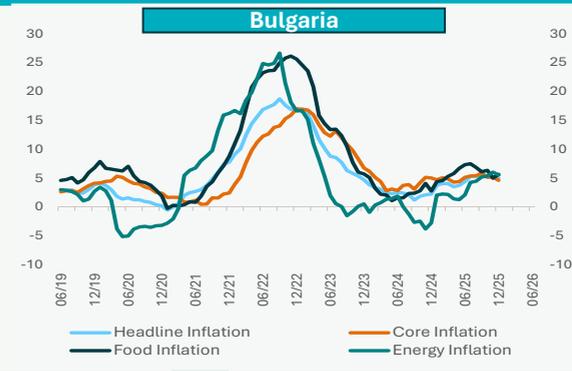
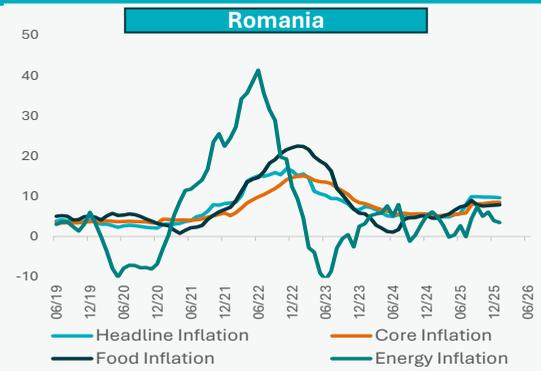
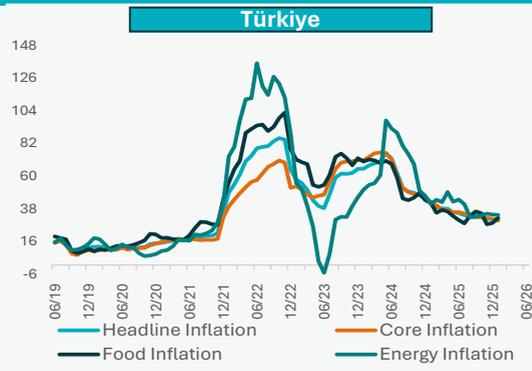
Financial Markets

Banking Sector



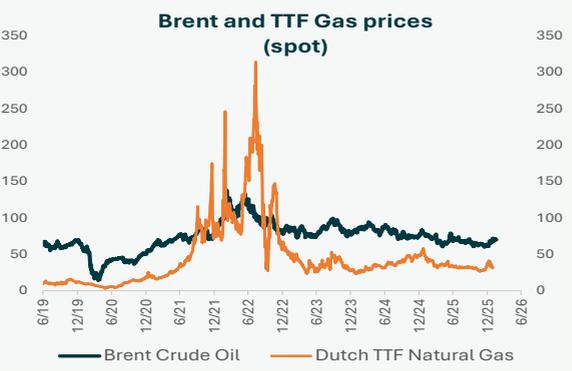
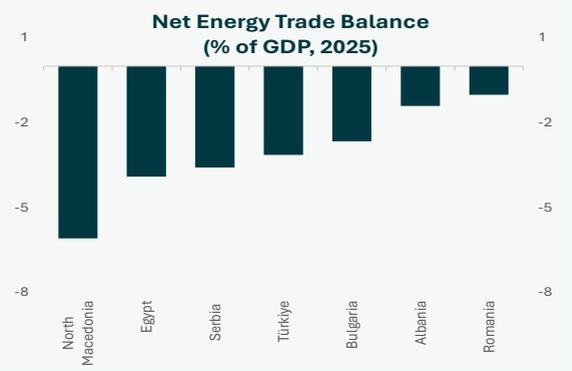
Inflation (%)

- In 2025, most of the **easing in inflation** came from a (further) **drop in global energy prices** and **favourable imported inflation** (largely due to the stronger EUR), as domestic demand remained solid across most of the economies under review
- Price pressures are expected to ease** further, but at a sluggish pace, following the envisaged moderation in wage growth, with underlying inflation **unlikely to return to pre-pandemic levels** within the 2-year forecast horizon in many of the economies under review
- The only exception is **Cyprus**, where solid wage growth, amid near full employment, and energy tax hikes should gradually drive it back to the 2.0% target
- In **Romania** and **Bulgaria**, the removal of the unfavourable base effects from last year's hikes in taxes & energy prices should drive inflation to more modest levels by year-end

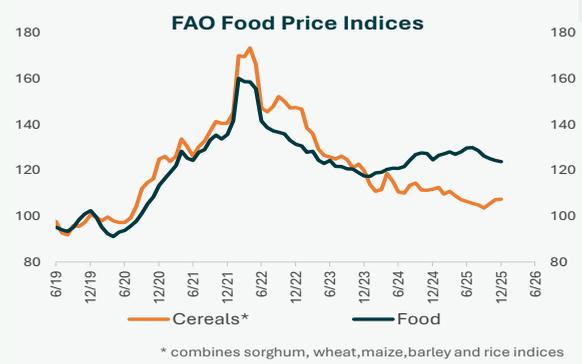
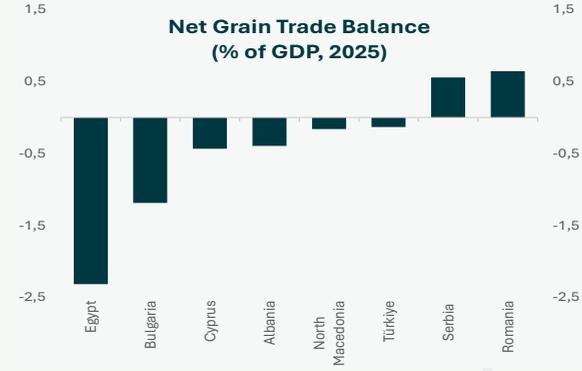


- Global energy prices have been **range bound** but **remain vulnerable to geopolitical flare ups**. Leaving aside the latter, increased oil production from OPEC & non-OPEC nations and the envisaged surge in global LNG capacity suggest a **positive outlook** for global energy prices over the forecast horizon, given the outlook for modest global economic growth
- Global food prices (particularly for dairy and sugar) and cereal prices remain **quite favourable**, amid sufficient supply

Energy



Food

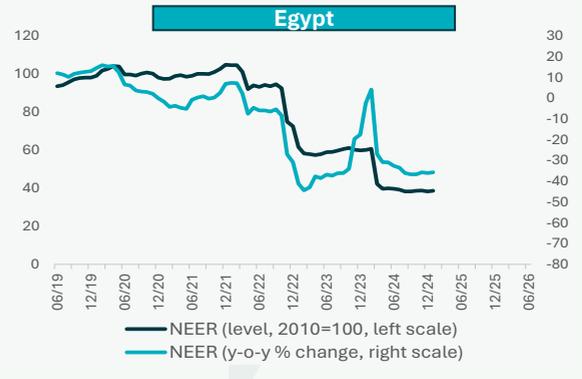
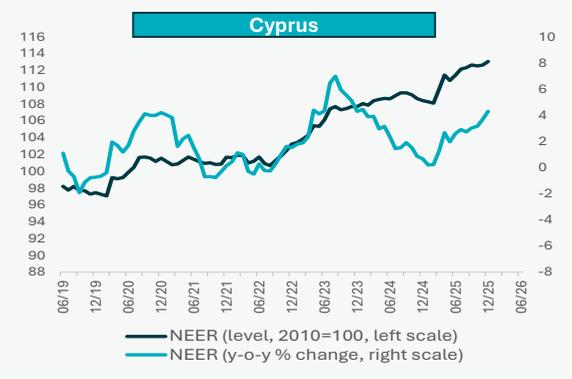
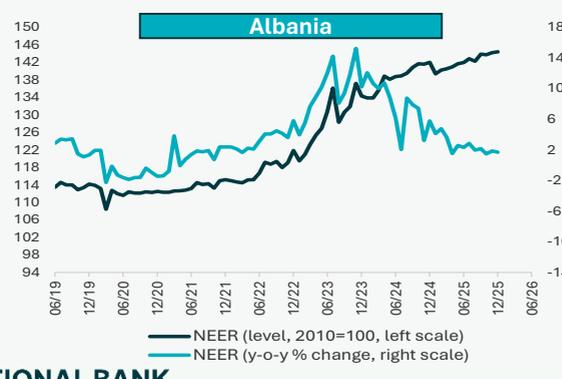
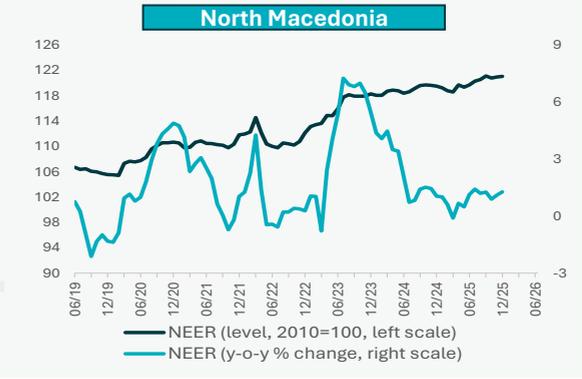
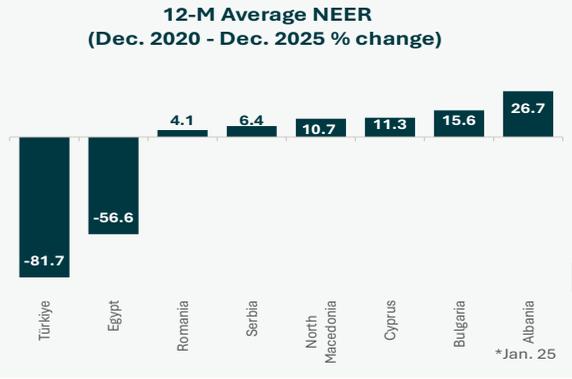
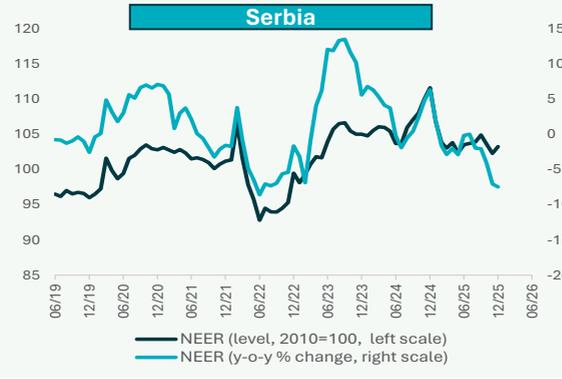
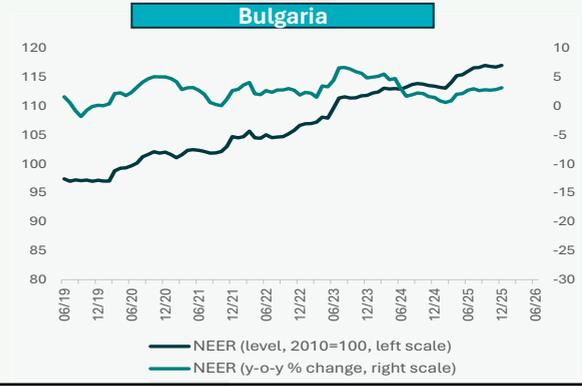
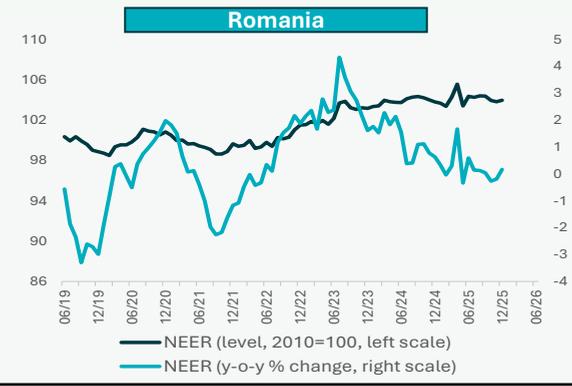
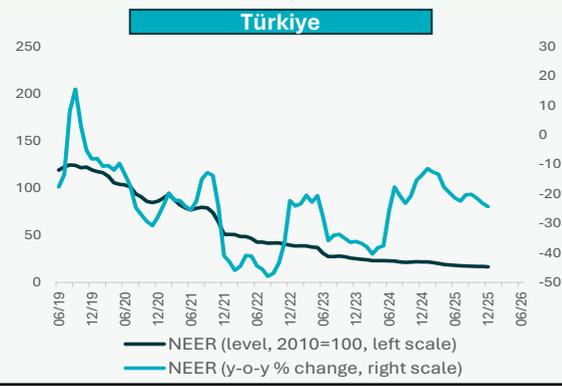


Global Supply

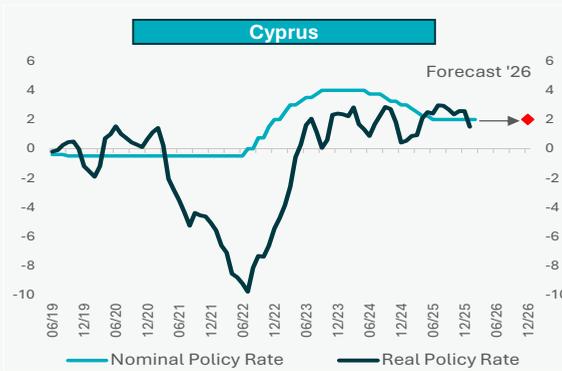
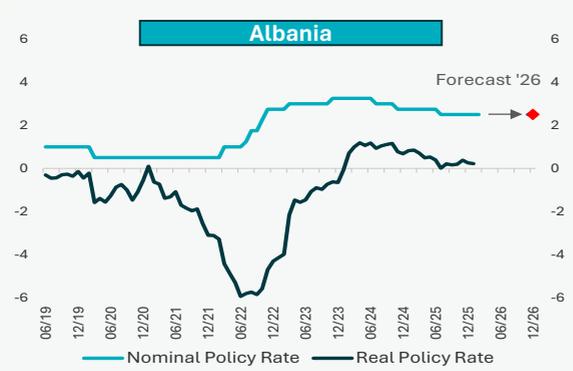
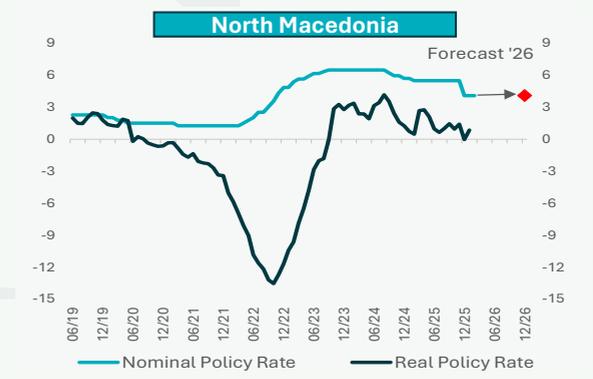
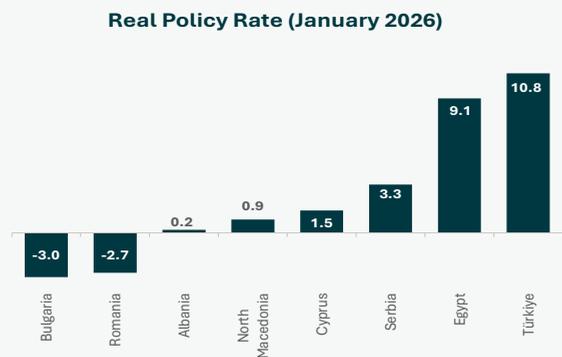
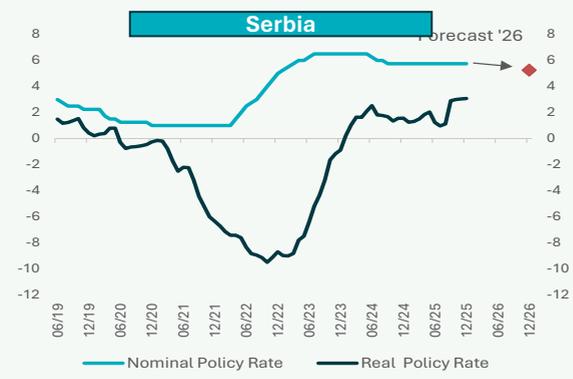
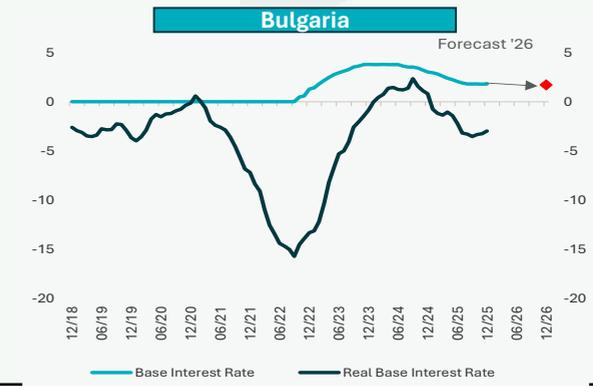
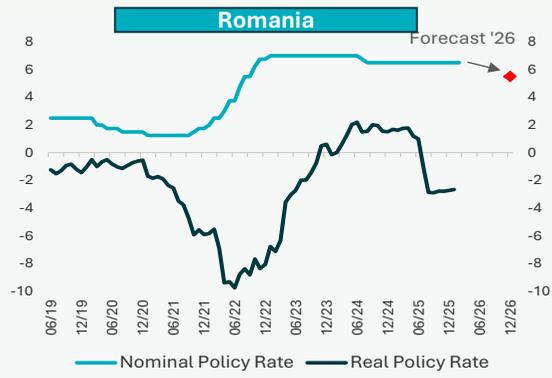
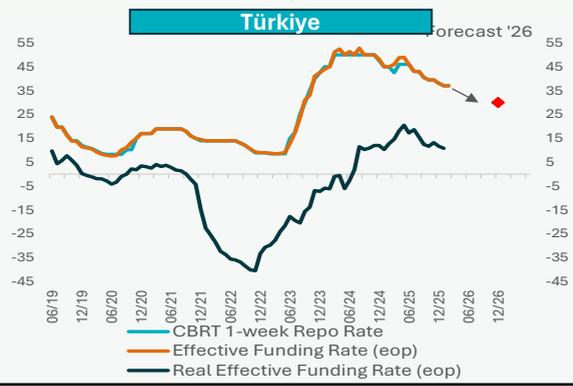


Nominal effective exchange rate

Against the backdrop of wide external imbalances and inconsistent policies, the **Turkish Lira** and the **Egyptian Pound** depreciated significantly in nominal terms over the past 5 years



- Although having lagged behind the ECB's quite aggressive easing campaign (which is near completion), most regional central banks are set to remain **cautious** in the period ahead, in view of the slow disinflation process
- In **Romania**, the jump in inflation in the wake of tax hikes implemented to help contain the sizeable budget deficit, along with the need to contain underlying pressures on the RON, should prompt the NBR to remain on hold at least until mid-2026



Reserve requirement ratios

- In **Bulgaria**, minimum required reserves were aligned with those in the euro area (1.0%) after the switch to the EUR
- In a bid to stimulate credit expansion, the **Egyptian** central bank adjusted its reserve requirement policy, starting in February

Türkiye

Reserve Requirement Ratios (%)			
	Dec. 2024	Dec. 2025	Feb. 2026
LC Liabilities	3.0-17.0*	3.0-18.0**	3.0-20.0**
FC Liabilities	5.0-30.0	5.0-32.0	0.0-30.0

* FX protected accounts: 22.0-33.0

** FX protected accounts: 22.0-40.0

Romania

Reserve Requirement Ratios (%)			
	Dec. 2024	Dec. 2025	Feb. 2026
LC Liabilities	8.0	0.0-8.0	0.0-8.0
FC Liabilities	5.0	0.0-5.0	0.0-5.0

Bulgaria

Reserve Requirement Ratios (%)			
	Dec. 2024	Dec. 2025	Feb. 2026
LC Liabilities	12.0	12.0	1.0
FC Liabilities	12.0	12.0	1.0

Serbia

Reserve Requirement Ratios (%)			
	Dec. 2024	Dec. 2025	Feb. 2026
LC Liabilities	2.0-7.0	2.0-7.0	2.0-7.0
FC Liabilities	16.0-23.0	16.0-23.0	16.0-23.0

North Macedonia

Reserve Requirement Ratios (%)			
	Dec. 2024	Dec. 2025	Feb. 2026
LC Liabilities	0.0-8.0	0.0-9.0	0.0-9.0
FC Liabilities	5.0-21.0	10.0-22.0	10.0-22.0

Albania

Reserve Requirement Ratios (%)			
	Dec. 2024	Dec. 2025	Feb. 2026
LC Liabilities	5.0-7.5	5.0-7.5	5.0-7.5
FC Liabilities	12.5-20.0	12.5-20.0	12.5-20.0

Cyprus

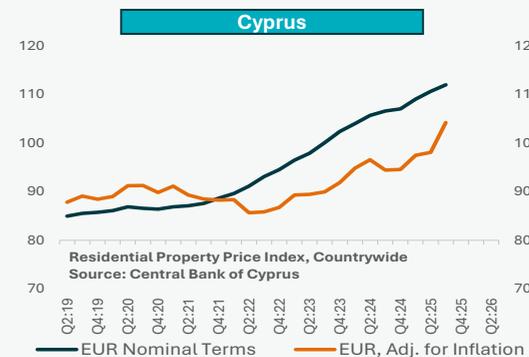
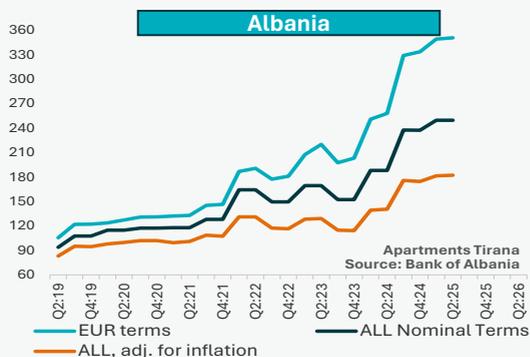
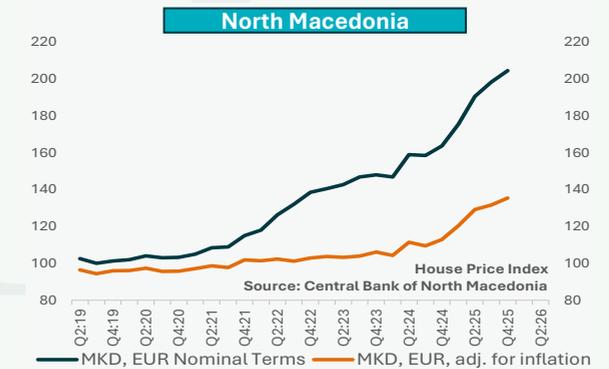
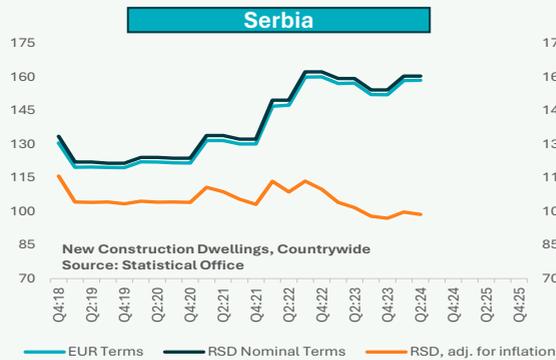
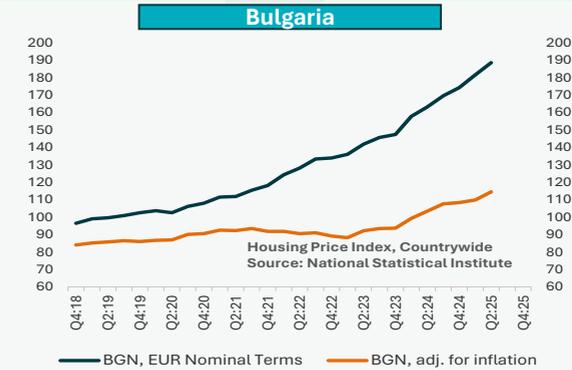
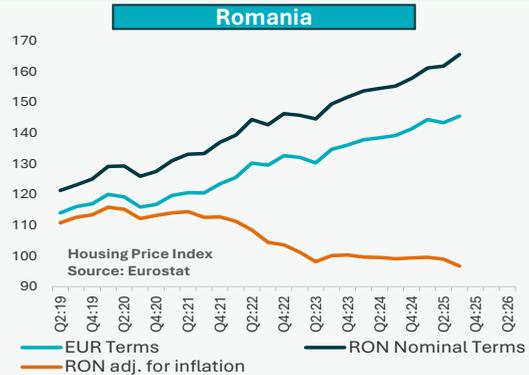
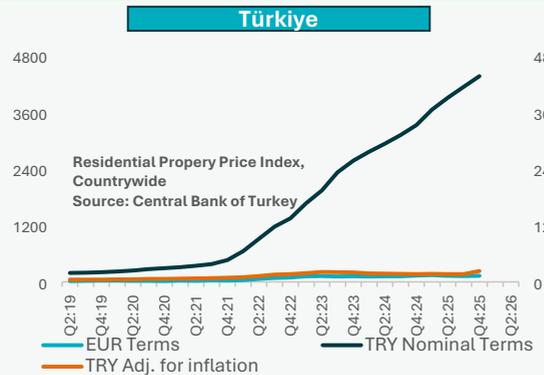
Reserve Requirement Ratios (%)			
	Dec. 2024	Dec. 2025	Feb. 2026
LC Liabilities	1.0	1.0	1.0
FC Liabilities	1.0	1.0	1.0

Egypt

Reserve Requirement Ratios (%)			
	Dec. 2024	Dec. 2025	Feb. 2026
LC Liabilities	18.0	18.0	16.0
FC Liabilities	---	---	---

Real estate prices

- The strong performance of the real estate market in **Cyprus** has largely been fueled by the influx of foreign workers relocating to the island as their companies move operations there. In **Türkiye**, agents have rushed into the real estate market to hedge against high inflation
- Against the backdrop of strong real estate price growth, authorities in **Bulgaria**, **North Macedonia** and **Albania** have tightened their borrower-based macro-prudential policy on mortgage lending to contain real estate appreciation
- Accommodative financing conditions should continue providing a **tailwind** to the real estate market in the period ahead



Snapshot

Real Sector

External Accounts

Prices & Monetary Policy

Fiscal Position

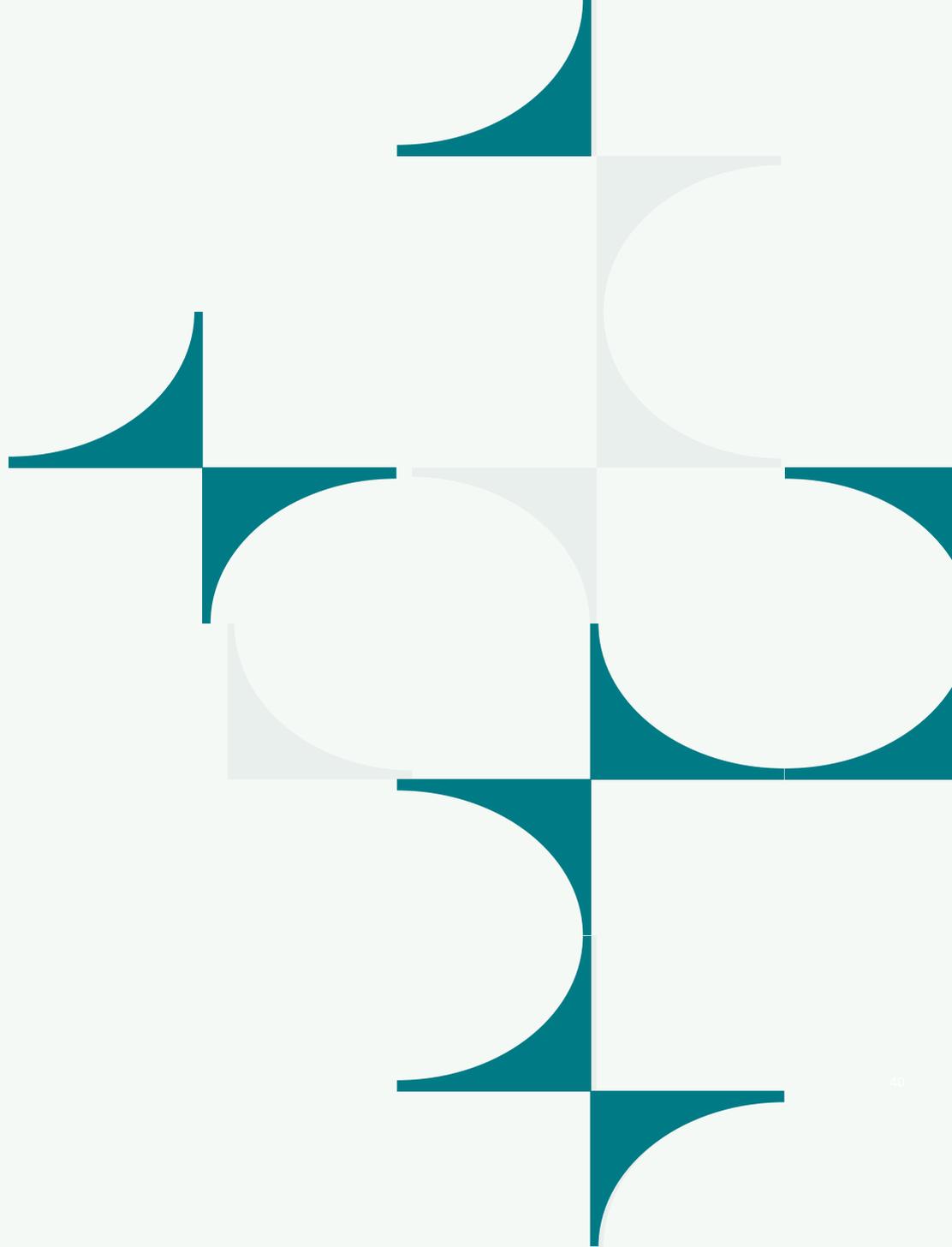
Fiscal performance

Fiscal balance

Public debt

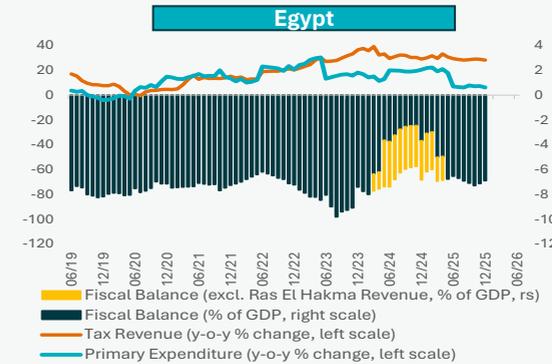
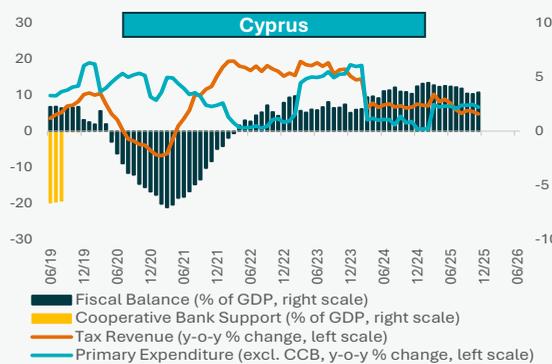
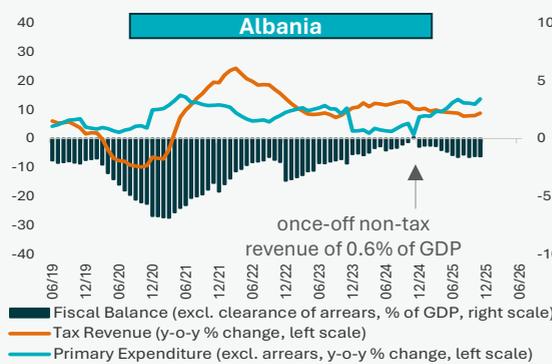
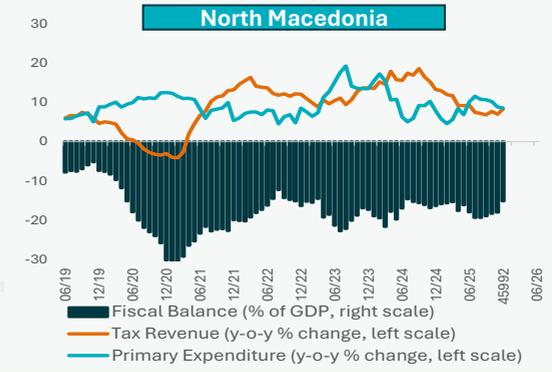
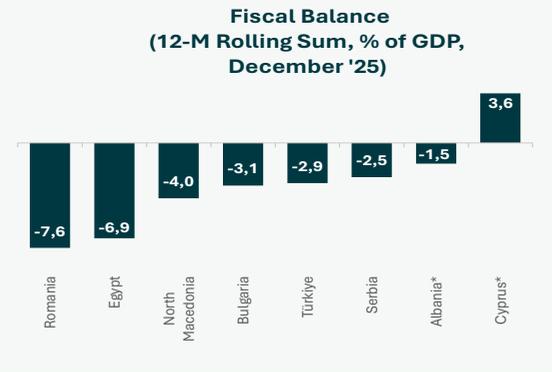
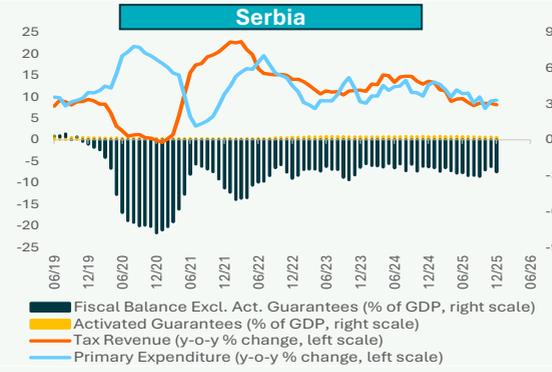
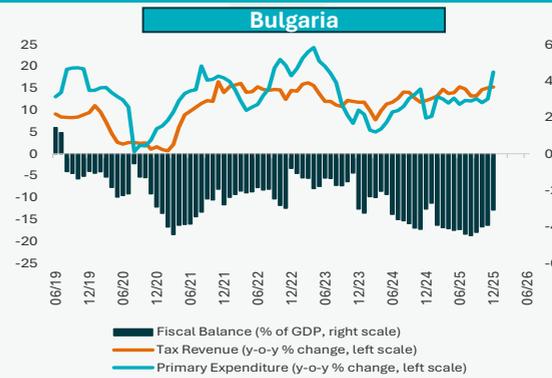
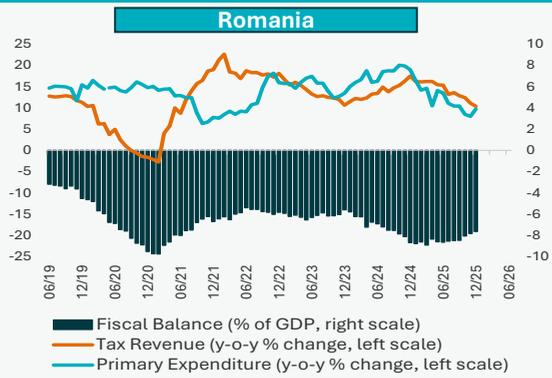
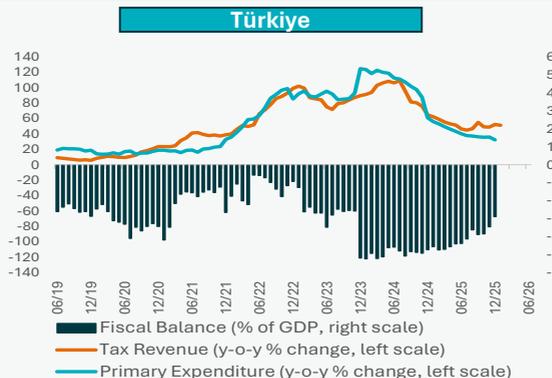
Financial Markets

Banking Sector



Fiscal performance (cash balance, 12-month rolling)

- Fiscal consolidation proceeded** in most of the economies under review, albeit at a slow pace. Strong tax revenue (supported, *inter alia*, by tight labour markets) and some spending restraint were the main drivers
- A series of aggressive fiscal consolidation measures (including a hike in VAT & excise duties and a wage & pension freeze) helped **Romanian** authorities achieve a significant narrowing in the budget deficit in 2025. In **Türkiye**, a sharp drop in capital transfers (mainly for post-earthquake reconstruction) helped push the primary balance into a marginal surplus for the first time since 2022



Fiscal performance (cash, balance, 12-month rolling, % of GDP)

- Excluding Cyprus and Albania, the budget in the economies under review remains in **deficit, higher** than that observed in the period prior to the pandemic
- In the absence of significant policy initiatives, **fiscal consolidation is unlikely to gain much momentum** in the period ahead, given defense spending pressures and the impact of adverse demographics on welfare systems
- In **Romania**, the fiscal consolidation package that took effect in August '25 will be complemented by additional measures (including hikes in the dividend and property tax rates), effective as of January '26. Still, the budget deficit is unlikely to fall below the critical threshold of 3.0% of GDP before 2031
- Amid solid economic growth, **Cyprus** is set to continue to post large fiscal surpluses, aiding in further public debt reduction
- Starting in 2025, a 4-year EU fiscal escape clause allows countries to spend an additional 1.5% of GDP annually on **defense** without triggering deficit penalties, though this will likely **increase their long-term public debt**

Türkiye Romania Bulgaria

Türkiye				Romania				Bulgaria			
Dec. 24	Dec. 25	Dec. 26F	Dec. 27F	Dec. 24	Dec. 25	Dec. 26F	Dec. 27F	Dec. 24	Dec. 25	Dec. 26F	Dec. 27F
-4.7	-2.9	-2.8	-2.8	-8.7	-7.6	-6.2	-5.5	-3.0	-3.0	-3.0	-3.0

Serbia North Macedonia Albania

Serbia				North Macedonia				Albania			
Dec. 24	Dec. 25	Dec. 26F	Dec. 27F	Dec. 24	Dec. 25	Dec. 26F	Dec. 27F	Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F
-2.0	-2.5	-3.0	-3.0	-4.3	-4.0	-3.5	-3.2	-0.7*	-1.8	-2.0	-2.0

*: including once-off non-tax revenue of 0.6% of GDP

Cyprus Egypt*

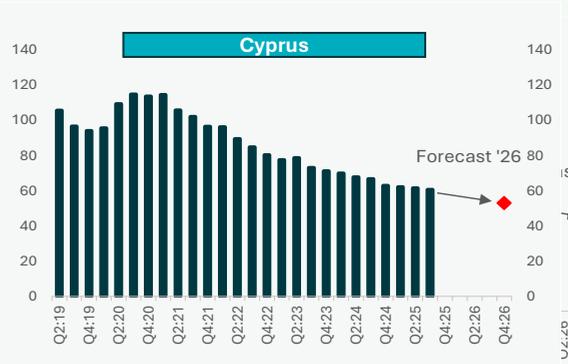
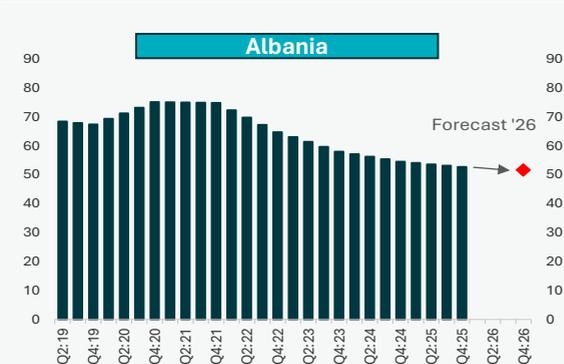
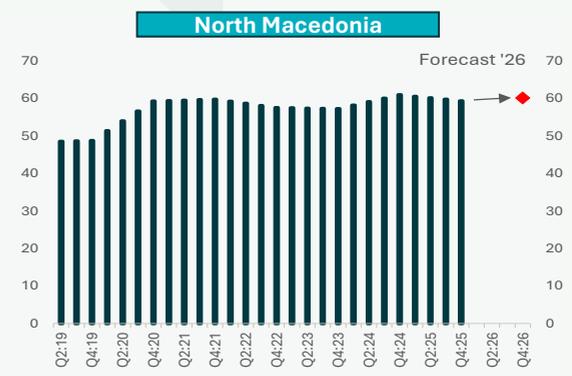
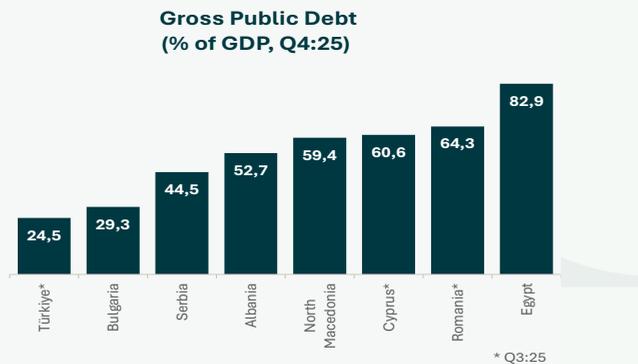
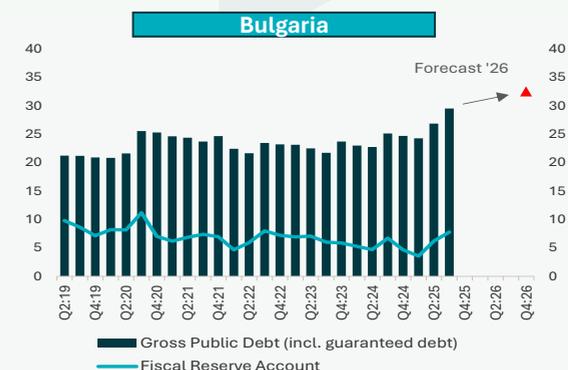
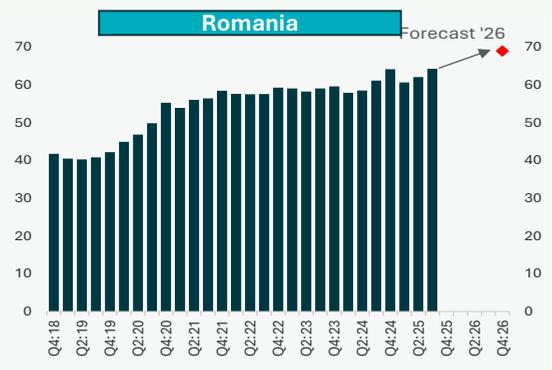
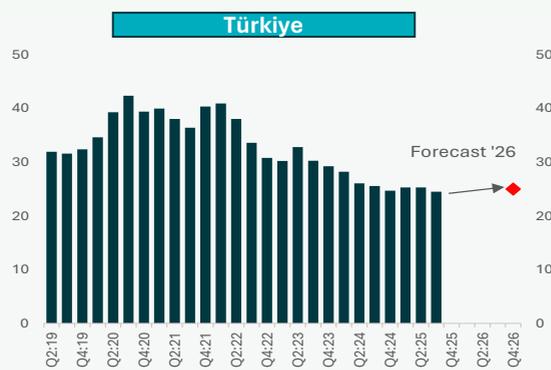
Cyprus				Egypt*			
Dec. 24	Dec. 25E	Dec. 26F	Dec. 27F	Jun. 24**	Jun. 25E	Jun. 26F	Jun. 27F
4.1	3.5	3.0	2.8	-3.6	-7.1	-6.4	-5.8

*: Fiscal year ending on June 30th.

***: Ras El-Hekma divestment proceeds subtracted 3.8 pps of GDP from fiscal deficit in FY:23/24

Public debt (% of GDP)

- The outlook for public debt dynamics remains **positive**, even as the beneficial impact from the “snowball” effect gradually declines
- In **Cyprus**, gross public debt is estimated to have fallen below the EU critical threshold of 60% of GDP for the first time since 2010
- Romania’s** public debt is set to cross soon the EU threshold of 60% of GDP, remaining, however, well below the EU average (currently exceeding 80% of GDP)
- Importantly, the relatively **low level of public debt** in most of the economies under review provides some room for fiscal manoeuvre in the event of a shock



Snapshot

Real Sector

External Accounts

Prices & Monetary Policy

Fiscal Position

Financial Markets

Exchange rates

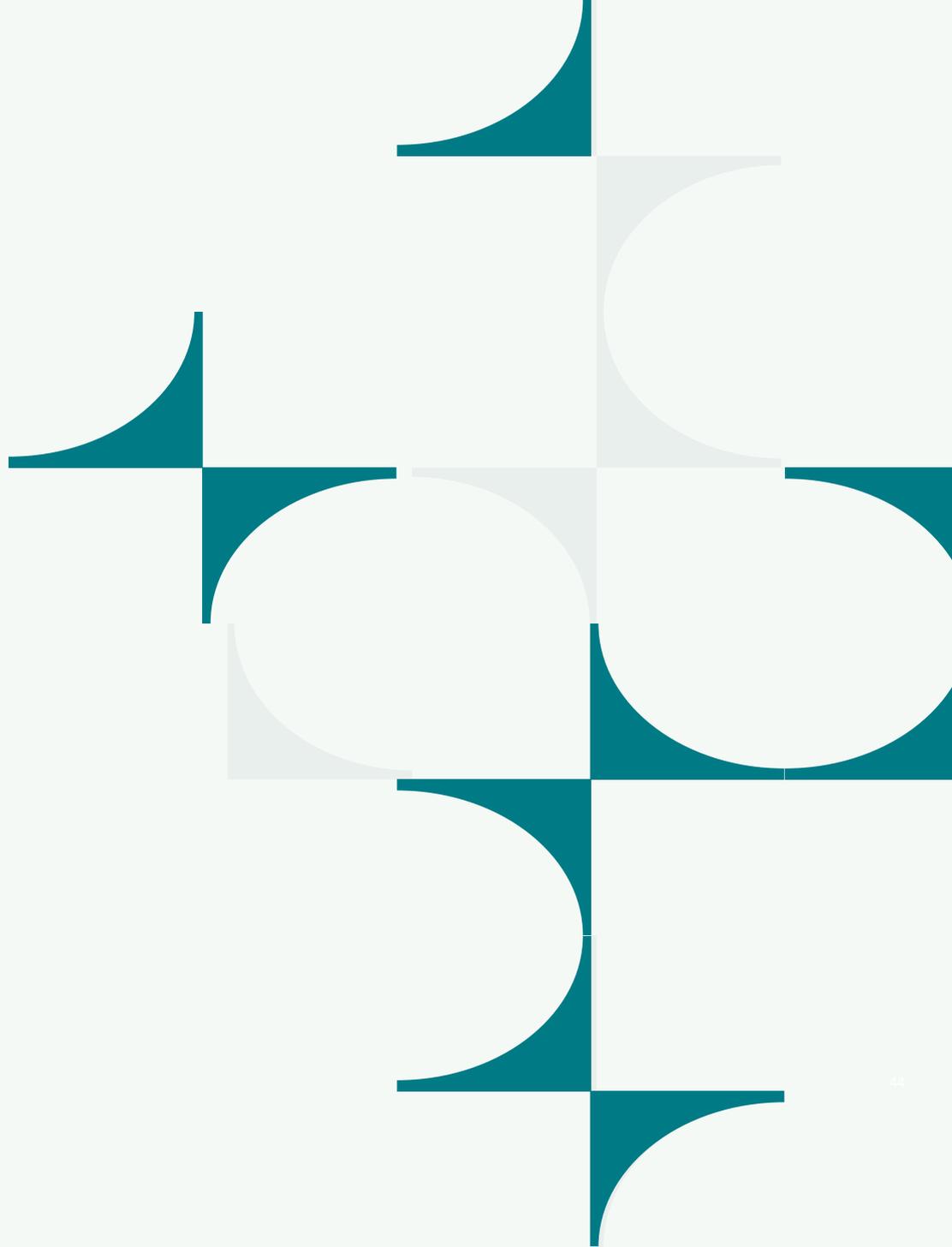
Money market rates

Government debt rates

Sovereign spreads

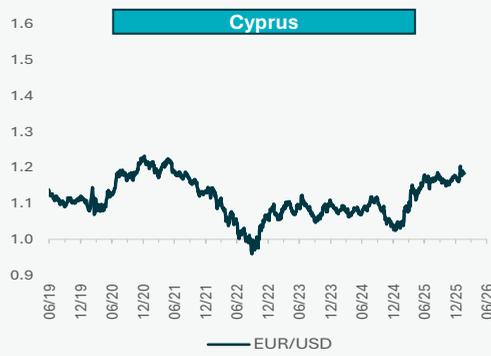
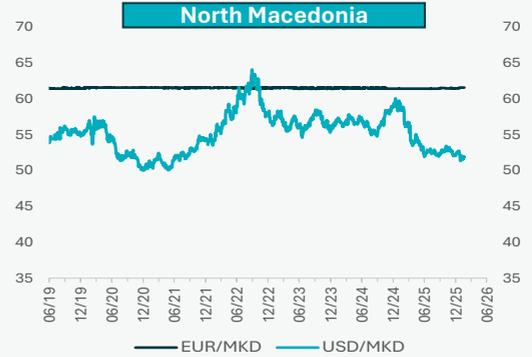
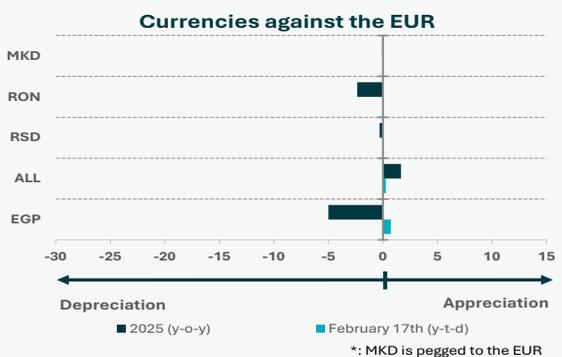
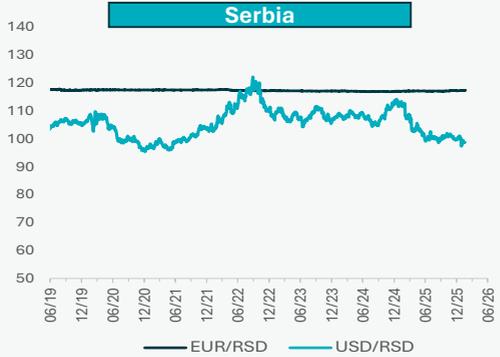
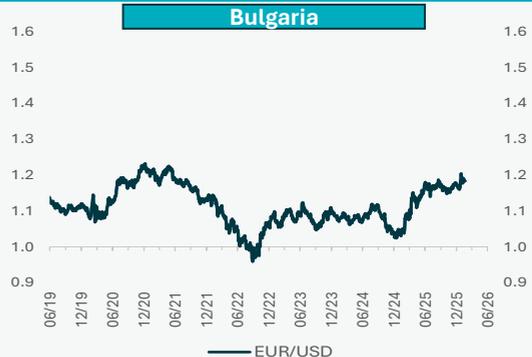
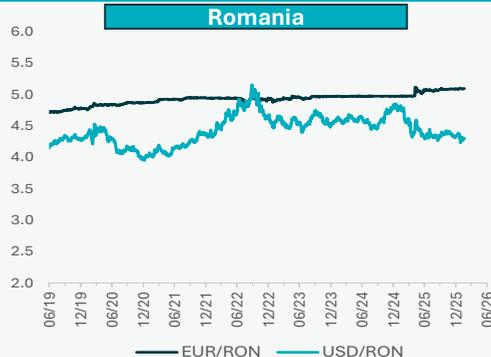
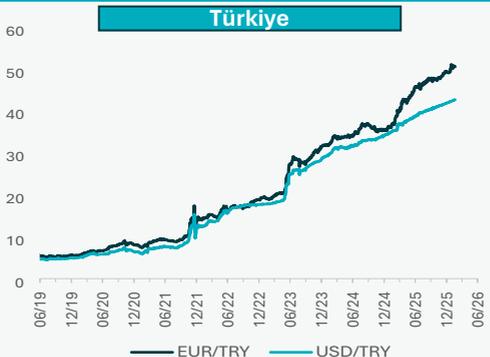
Stock market

Banking Sector

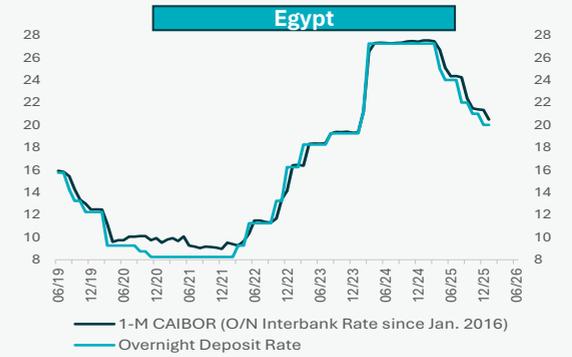
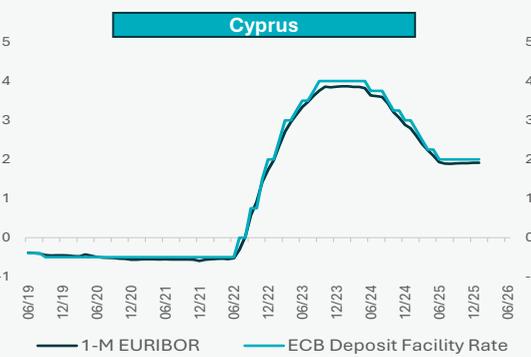
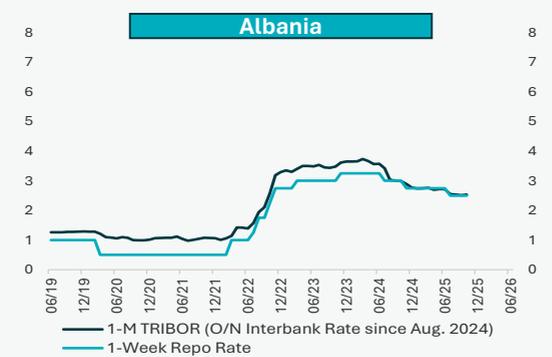
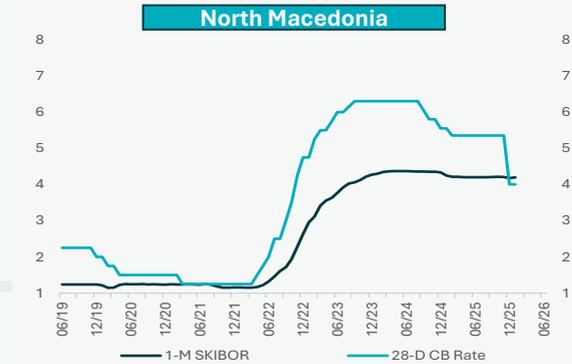
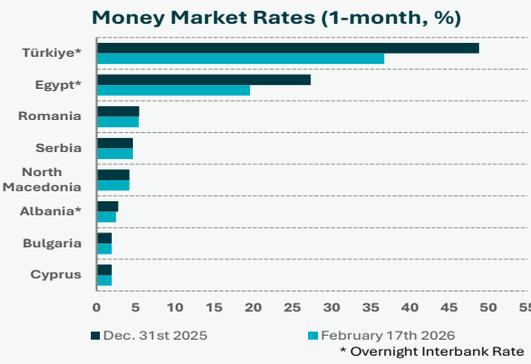
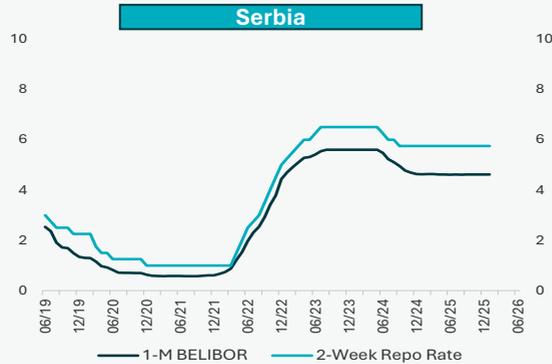
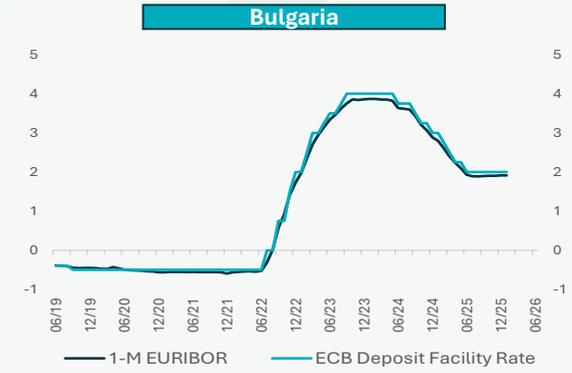
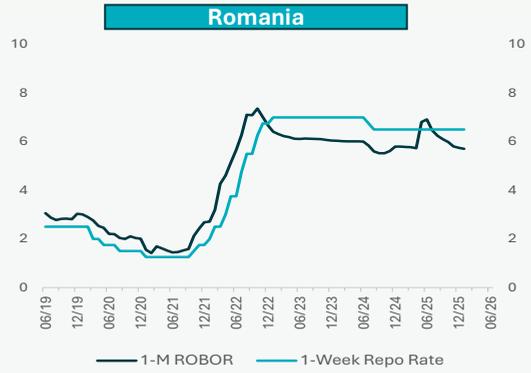
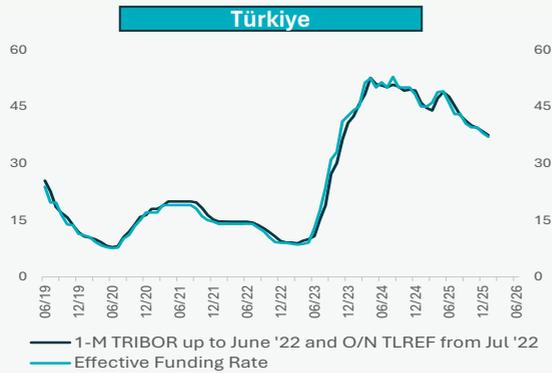


Exchange rates

- The **euro** (and regional currencies linked to the latter) continued the rally against the USD that began after the “*US Liberation Day*”, benefiting from market concerns over the disproportionately larger impact of tariffs on the US economy
- The depreciation of the **Turkish lira** (TRY) is expected to continue in the period ahead, albeit at a measured pace, as suggested by the CBRT’s implicit support for real appreciation with a view to attracting capital inflows. Improving market sentiment, supported by progress in fiscal consolidation and strong EU funds inflows, has eased pressures on the **Romanian leu** (RON). Still, fundamentals point to further weakening of the RON, which we expect to occur gradually and at a mild pace. **Albanian Lek**’s appreciation has come on the back of solid FDI inflows, increased remittances, strong tourism activity and a positive nominal interest rate differential

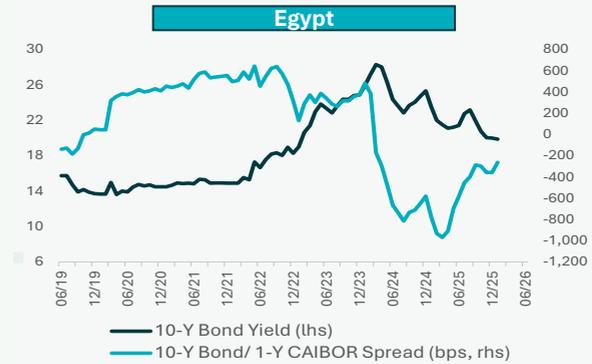
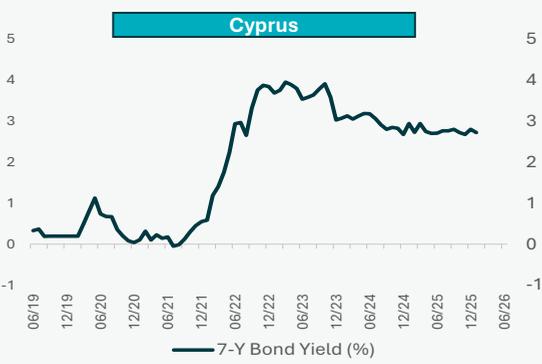
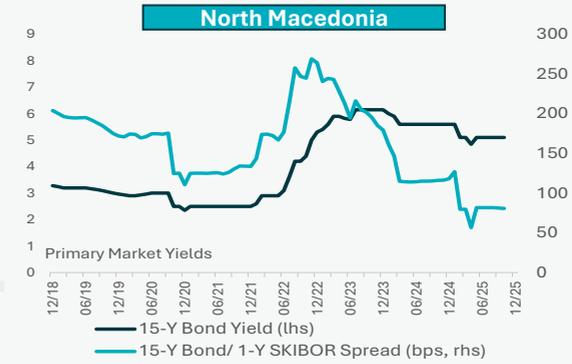
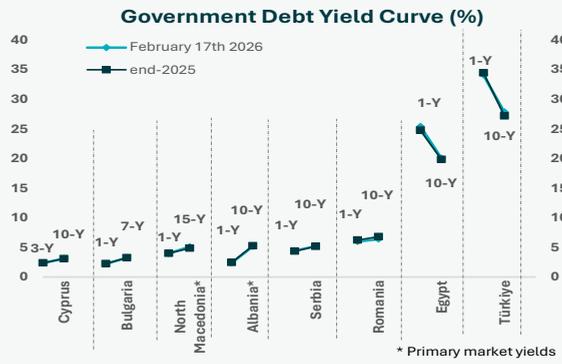
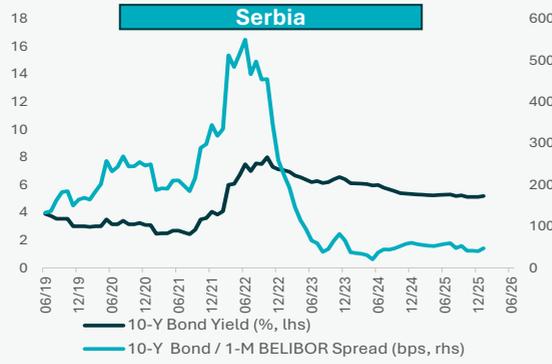
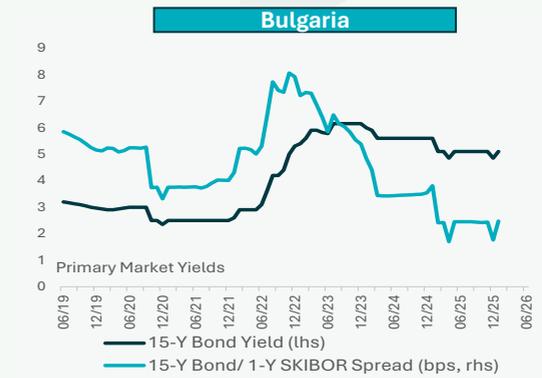
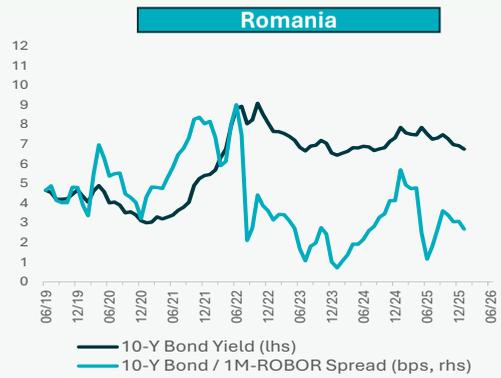


Money market rates appear to be bottoming out in most of the economies under review, as the central banks' easing cycle nears its end

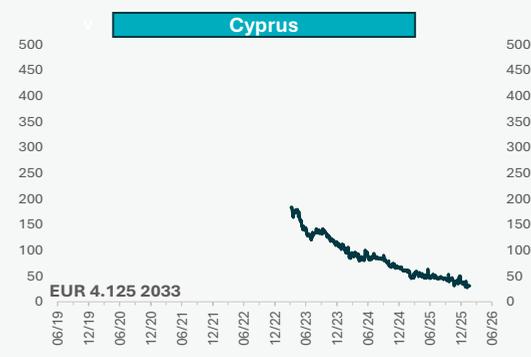
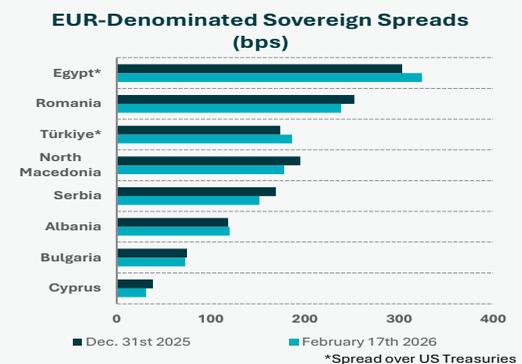
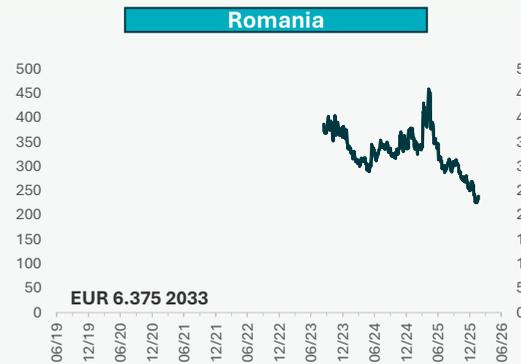
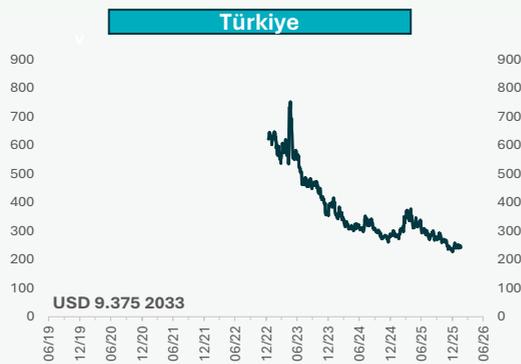


Government Debt Yields (%)

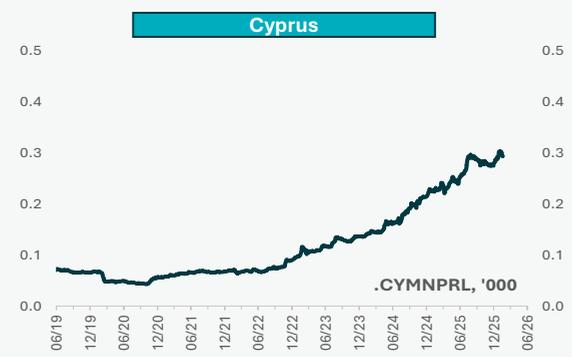
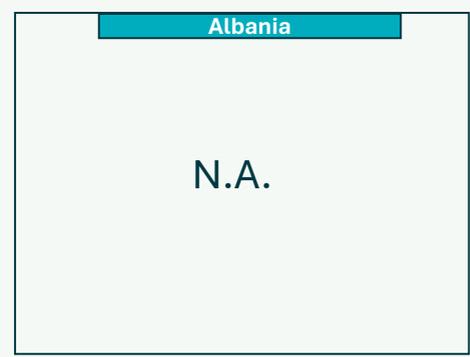
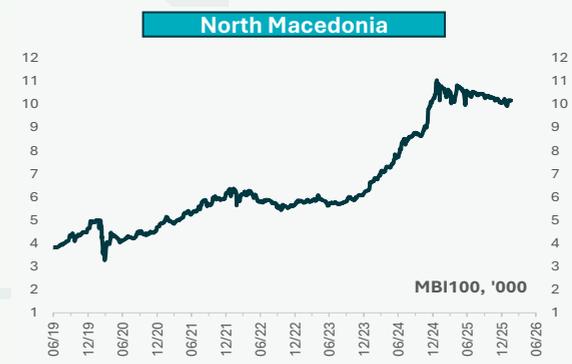
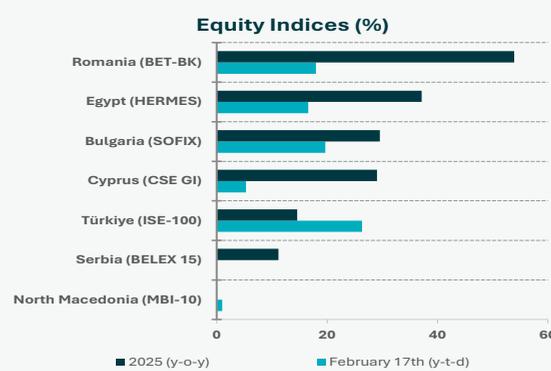
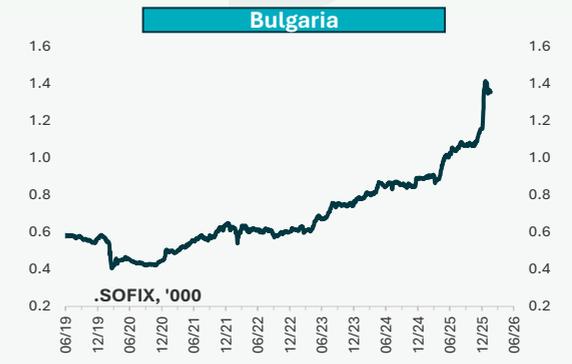
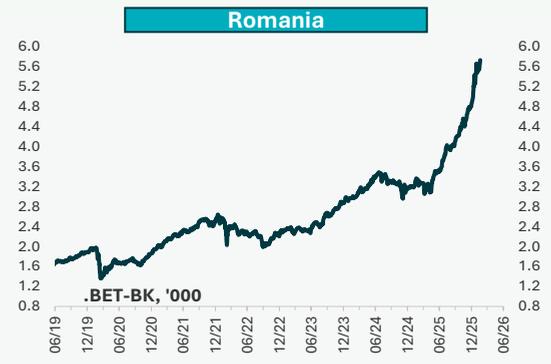
- With most central banks' easing cycles approaching their end, long-term government bond yields have **limited scope to decline further**, leaving markets' assessment of the idiosyncratic risk component as the primary driver of future movements
- In **Türkiye**, despite the CBRT's (cautious) easing mode, government debt yields remain elevated, reflecting inflation concerns
- Reflecting ongoing adjustment, the yield curves of **Türkiye** and **Egypt** remain inverted, albeit to a much lesser extent than before



Assuming no increase in global risk aversion, the relative stronger fiscal & debt positions of most of the economies under review as compared with the EU & US suggest that there is scope for **further compression** of sovereign spreads in the period ahead



Stock markets in most of the economies under review have begun to **lose momentum**, reflecting a widening divergence of P/E valuations from their historical averages and increasing caution regarding key investment themes worldwide, which bolstered stock valuations at new highs in early 2026



Snapshot

Real Sector

External Accounts

Prices & Monetary Policy

Fiscal Position

Financial Markets

Banking Sector

Total loans (y-o-y % change)

Total deposits (y-o-y % change)

Loans/GDP (%)

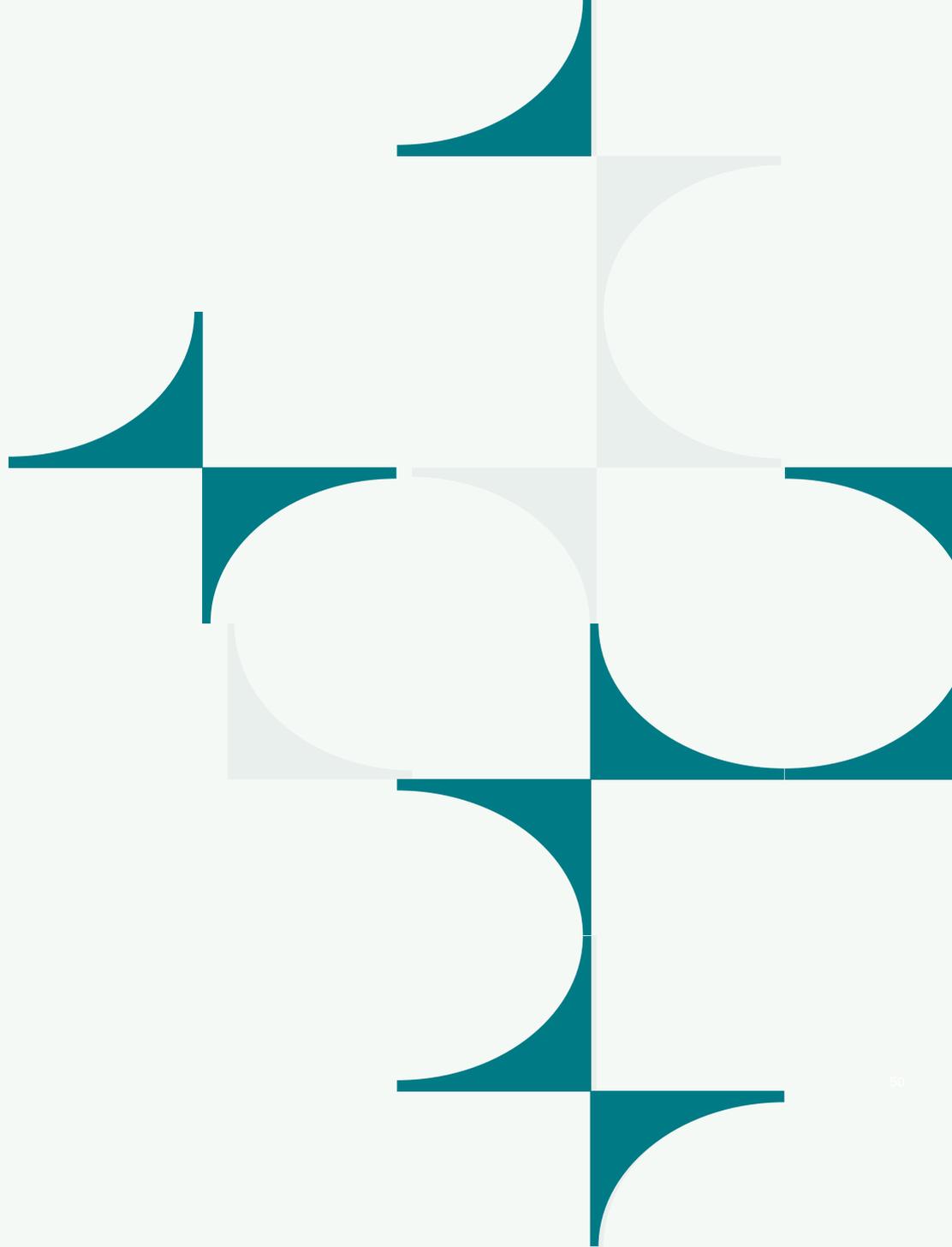
Deposits/GDP (%)

Loans/deposits (%)

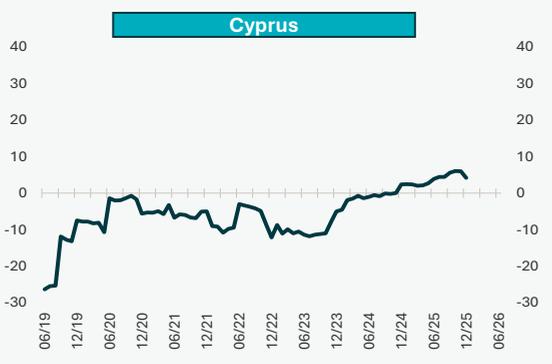
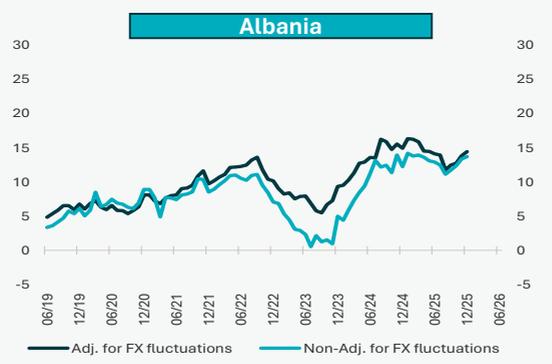
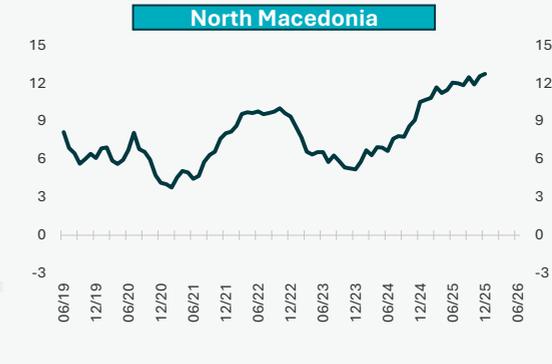
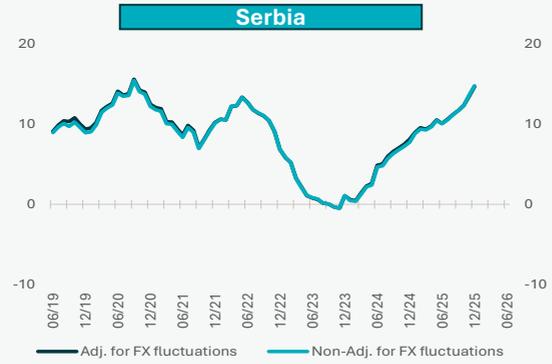
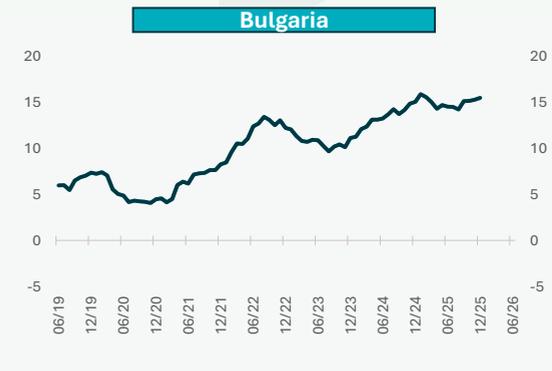
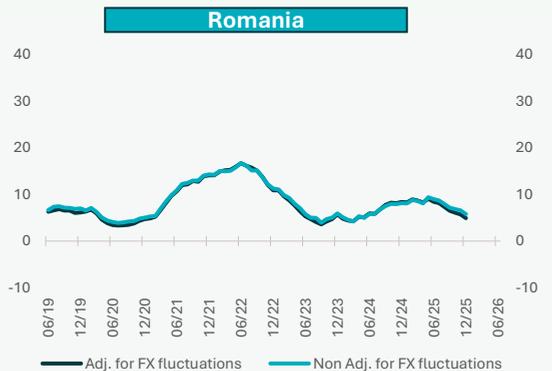
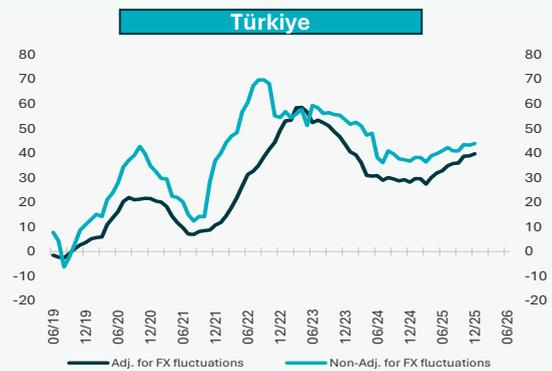
ROAE (%)

CAD ratio (%)

NPL ratio (%)

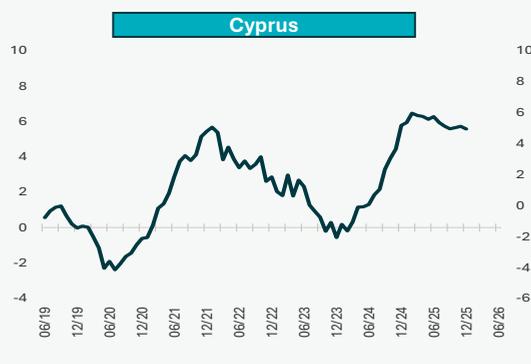
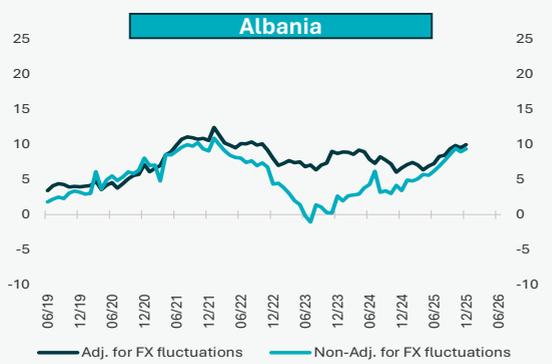
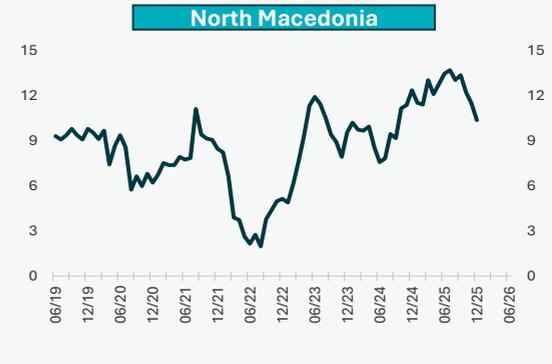
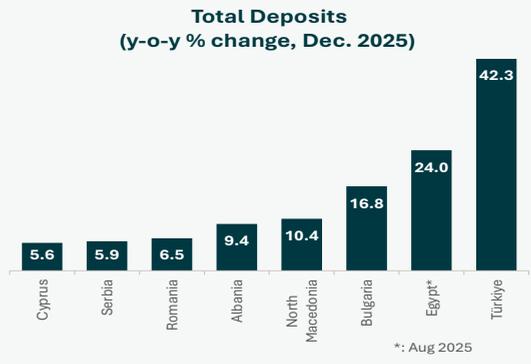
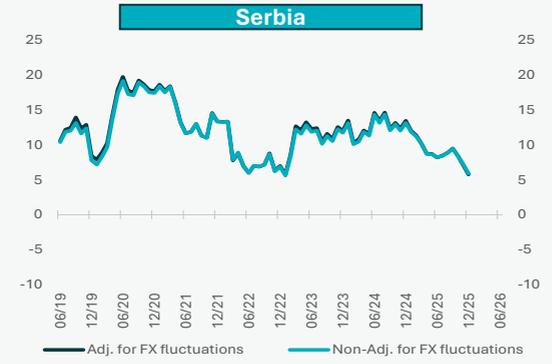
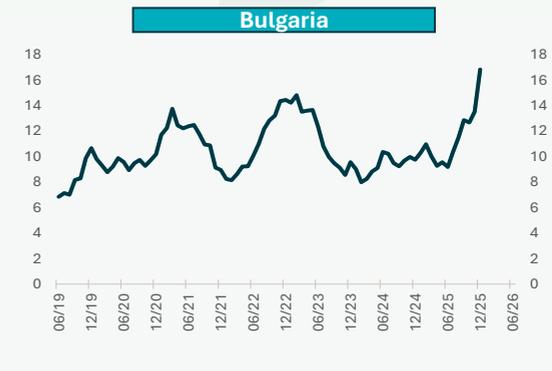
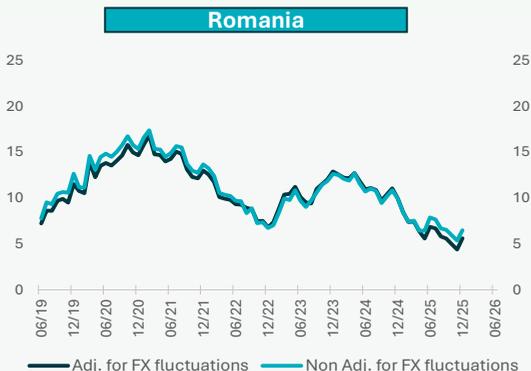
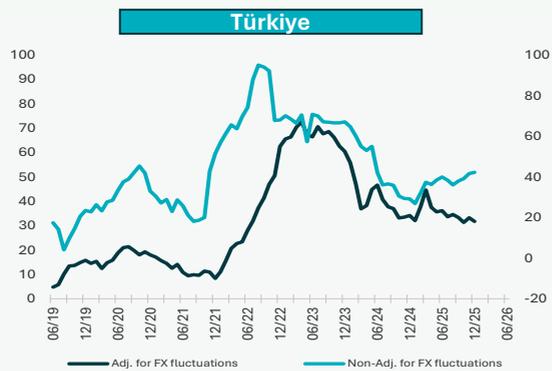


- Credit expansion has **gained steam** in most of the economies under review, indicating a strong transmission of monetary policy
- The slowdown in **Romania's** credit expansion stems from a combination of tightened bank lending standards and waning credit demand amid subdued economic growth

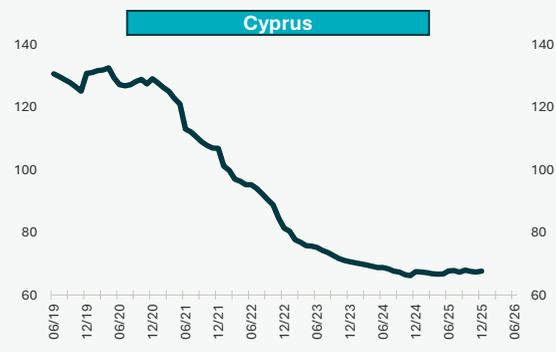
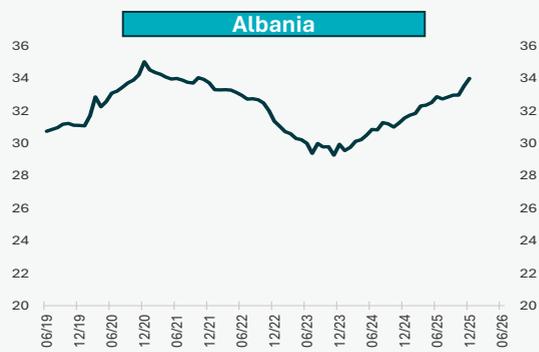
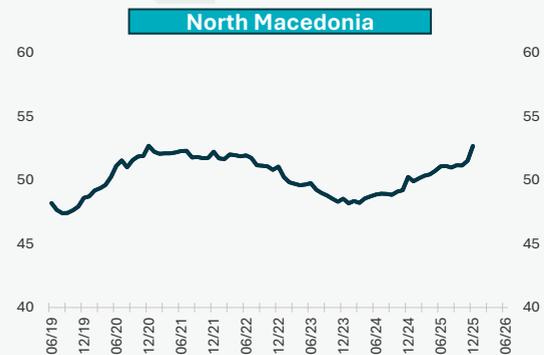
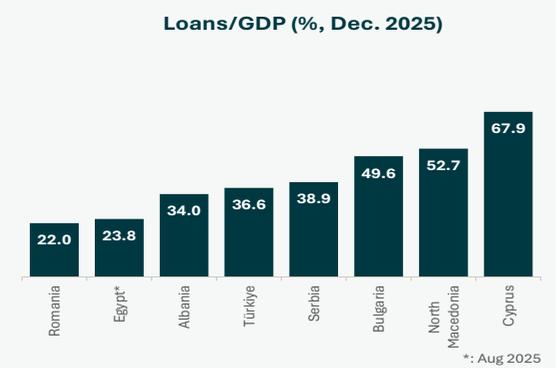
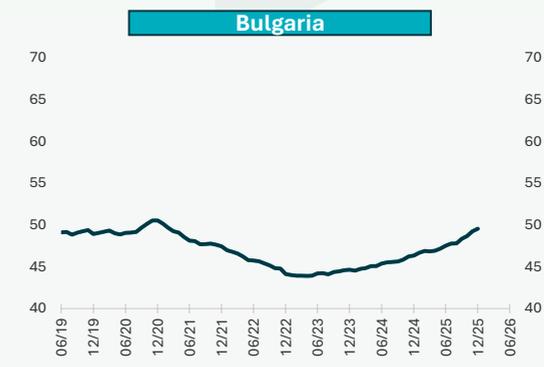
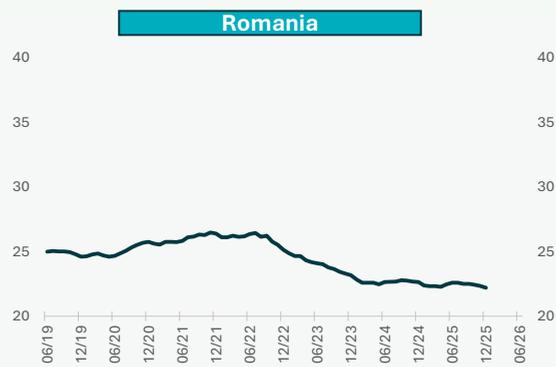
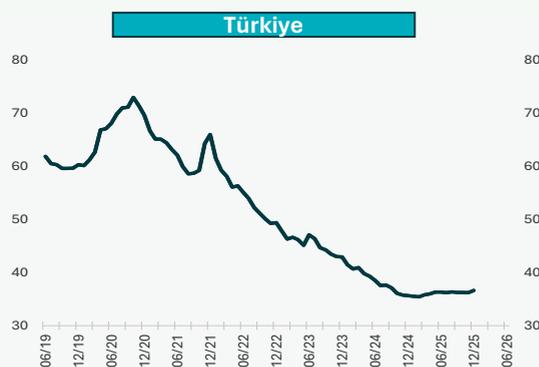


Total deposits (y-o-y % change)

- Deposit growth remains **quite strong** in most of the economies under review, amid still high real (*ex-post*) deposit interest rates and healthy economic growth
- The slowdown in economic activity has affected deposit growth in **Romania and Serbia**

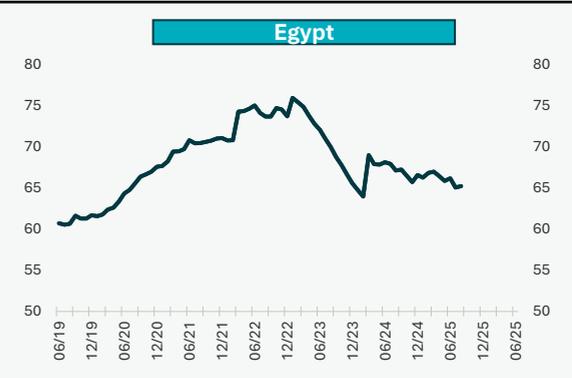
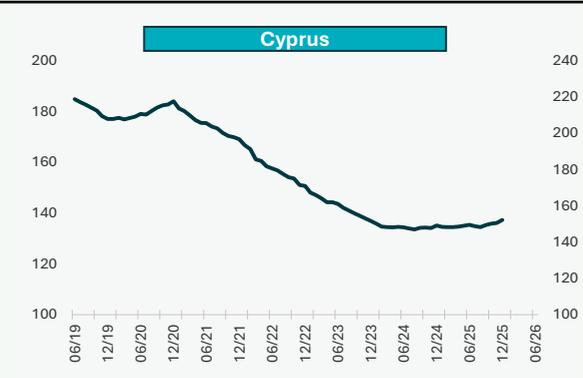
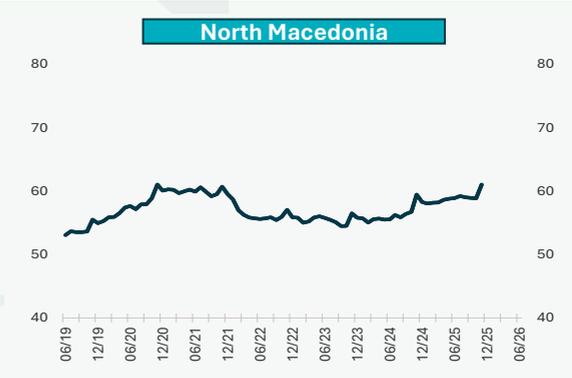
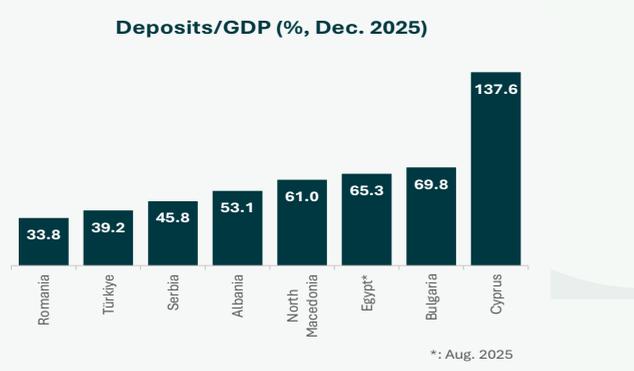
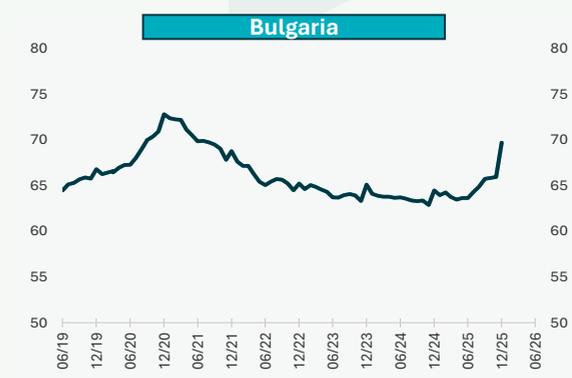
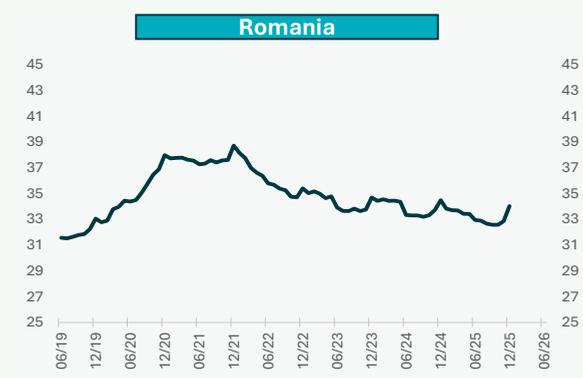
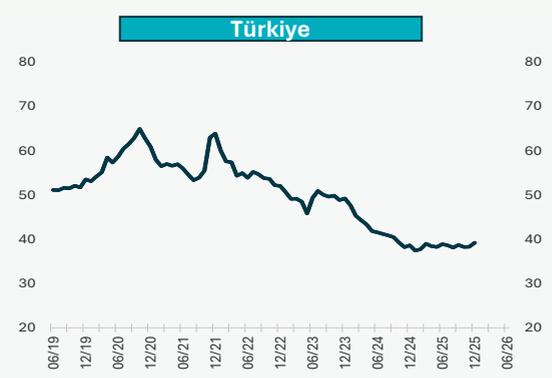


- All economies under review, except Cyprus, are still **underpenetrated** in terms of lending
- Lending penetration has returned to pre-pandemic levels in **Bulgaria, North Macedonia and Albania** but remains below them elsewhere

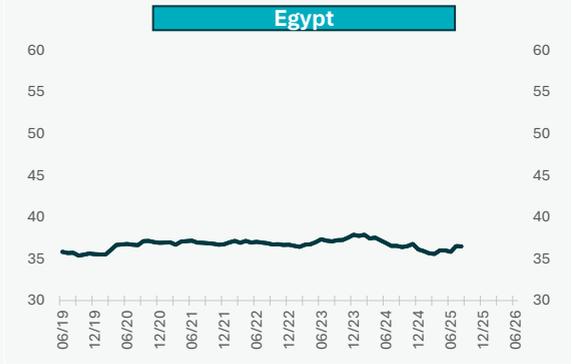
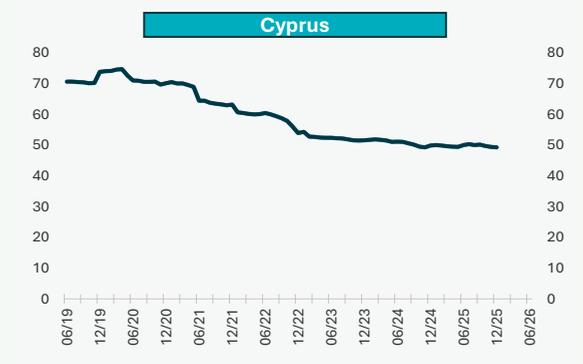
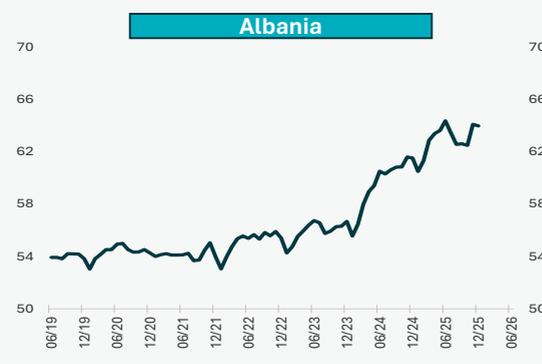
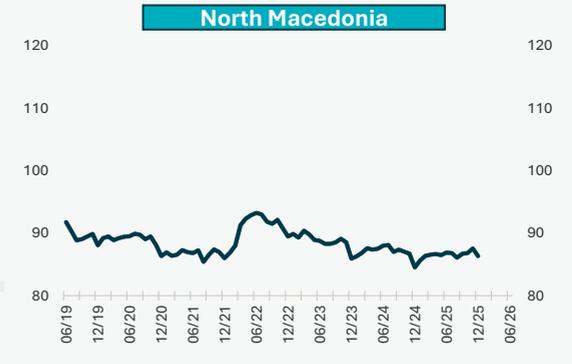
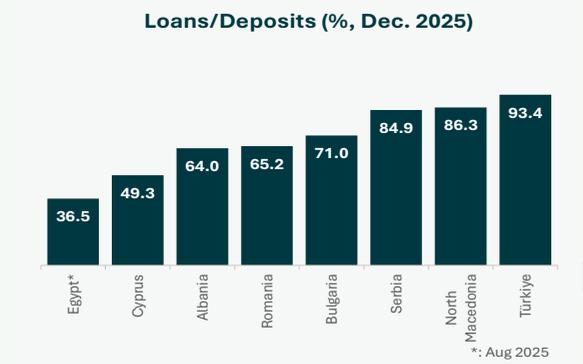
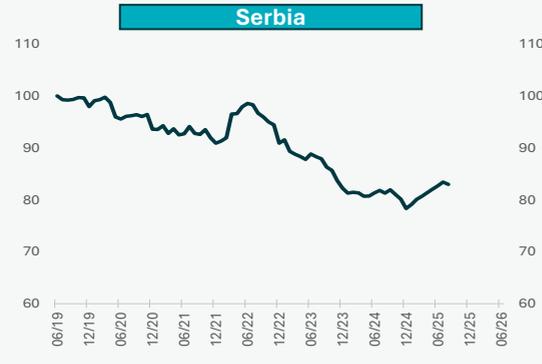
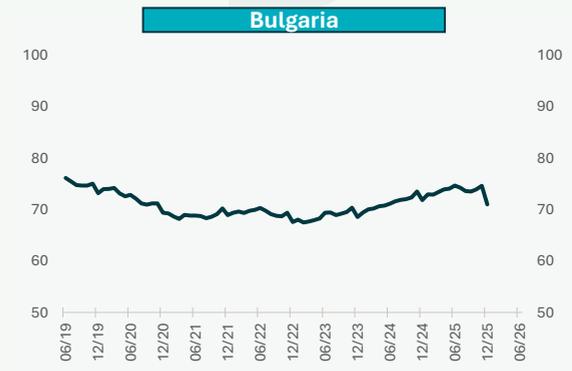
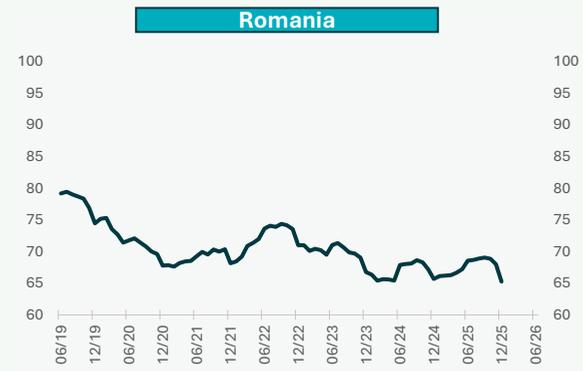
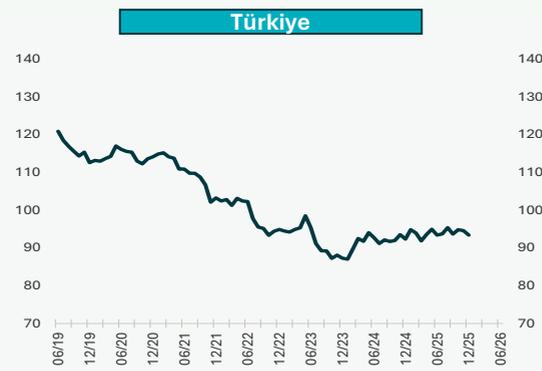


Total deposits-to-GDP ratio (%)

- In most of the SEE economies under review, deposits (as a percent of GDP) are broadly **back to their pre-pandemic levels**, as the savings accumulated during the pandemic were depleted during the subsequent cost-of-living crisis
- In **Albania**, the appreciation of the Lek, amid high euroization, has eroded significantly the value of deposits
- A prolonged period of economic adjustment in **Türkiye** and **Egypt** has impacted deposit levels (as a percent of GDP)

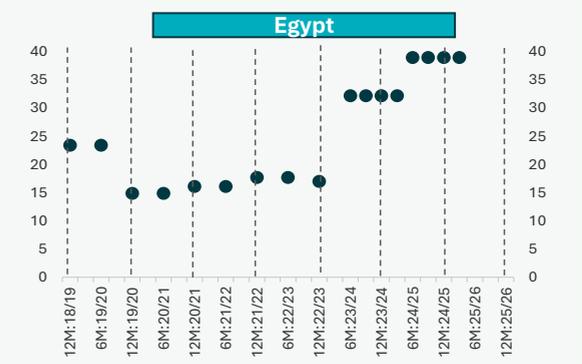
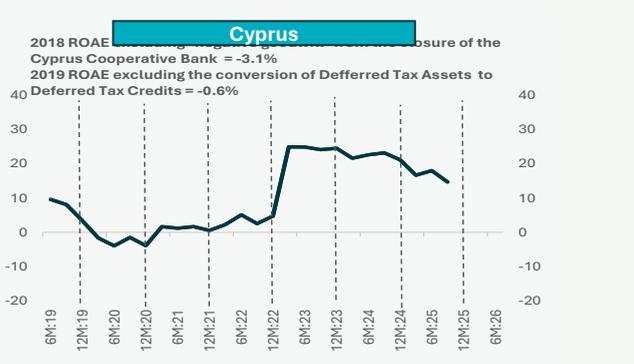
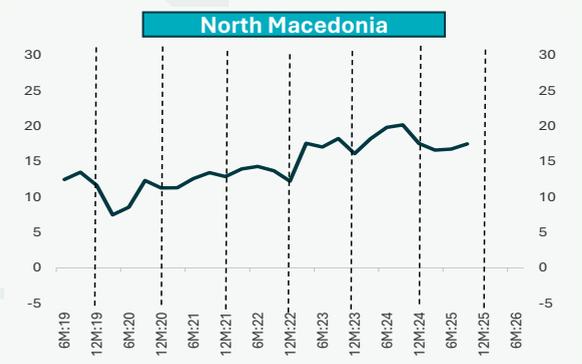
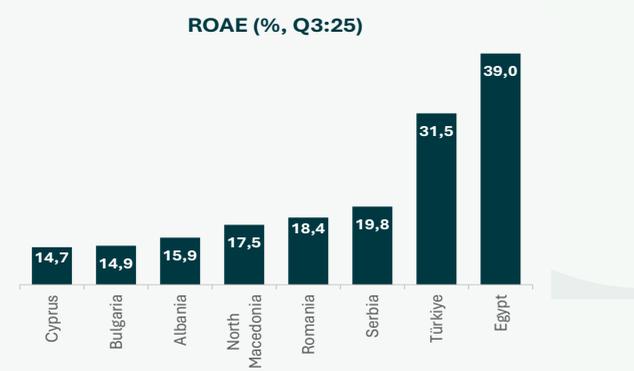
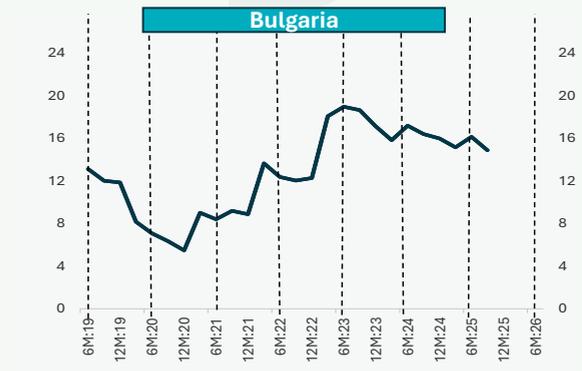
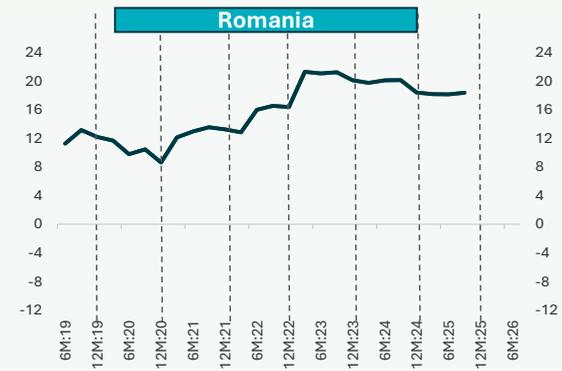
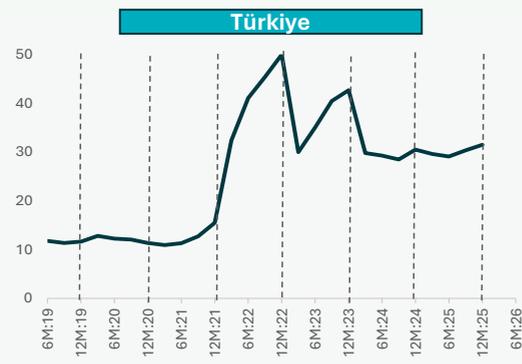


▪ All banking systems under review enjoy a **loan-to-deposit ratio below the 100% threshold**

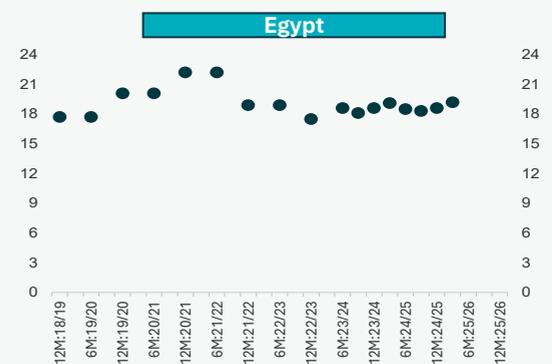
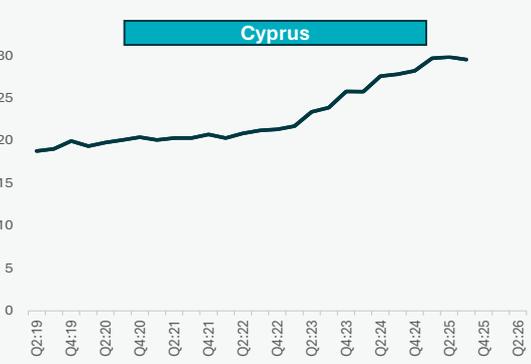
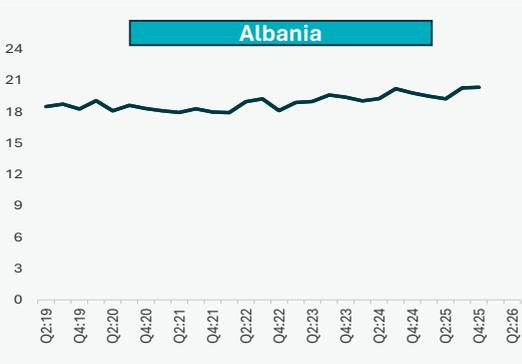
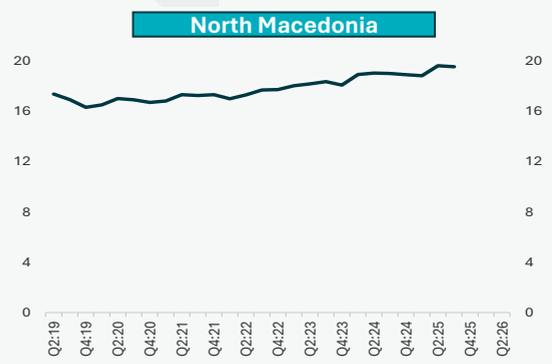
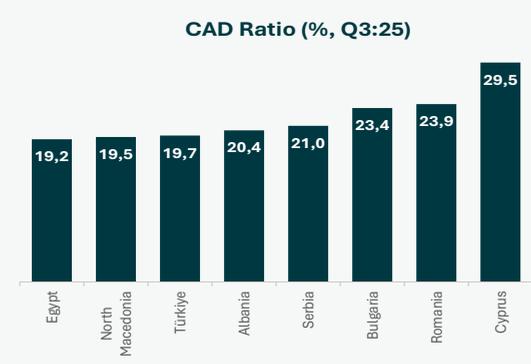
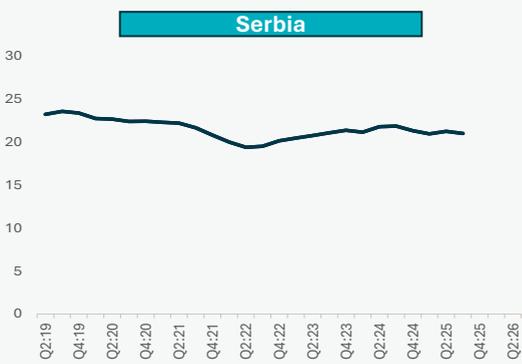
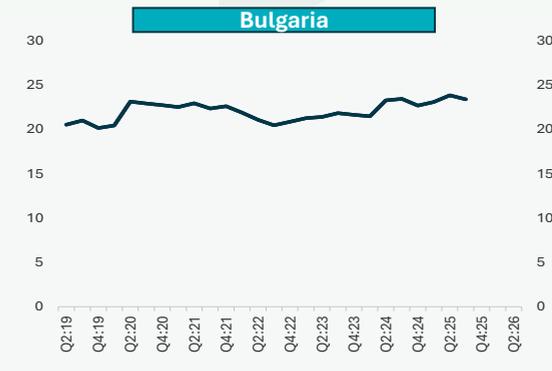
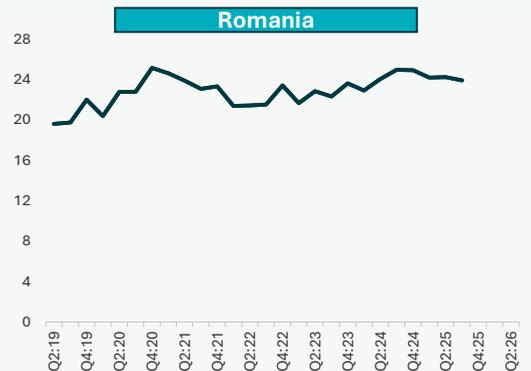
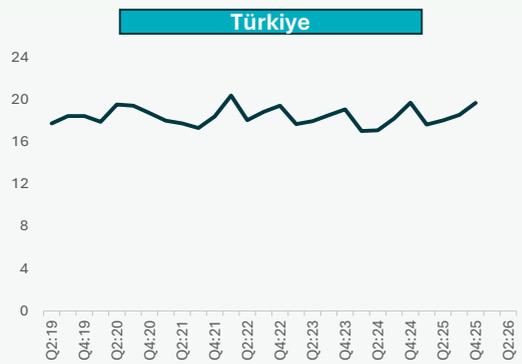


Return-to-average equity ratio (% , cumulative and annualized)

- Banks' profits undergo a (slow) **cyclical adjustment** following central banks' easing cycles
- Amid heightened uncertainty, provisioning needs are likely to remain **elevated**, weighing on profitability, which is nevertheless projected to stay **above historical levels** over the forecast horizon

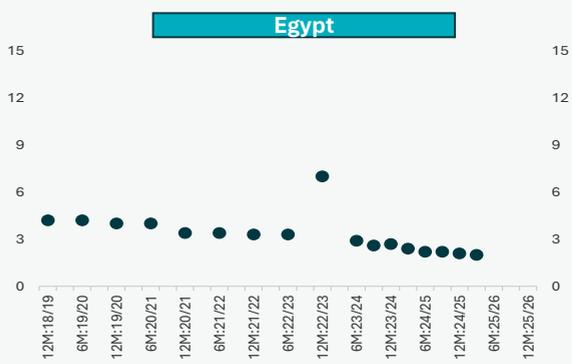
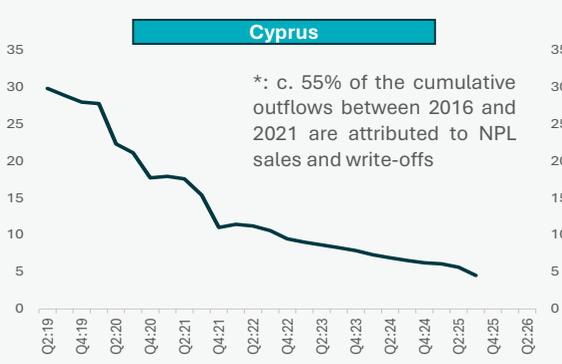
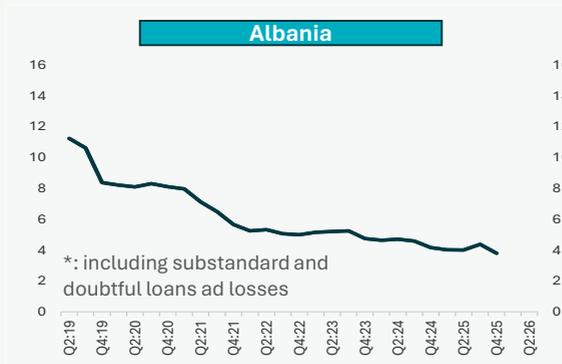
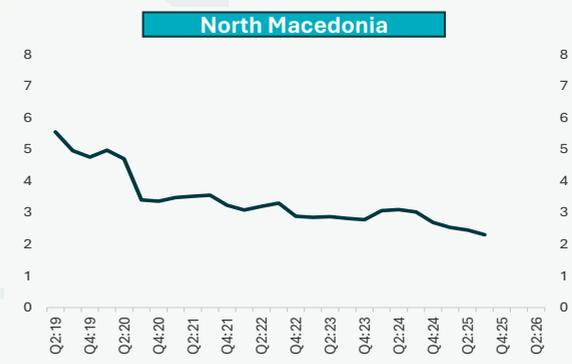
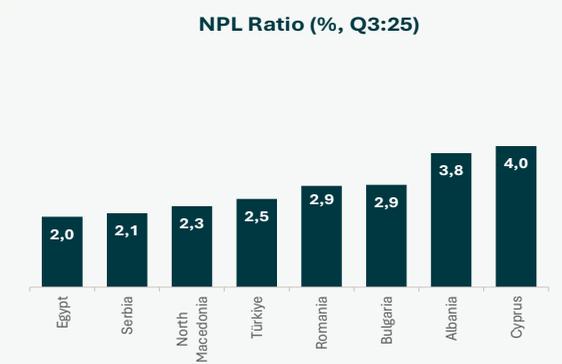
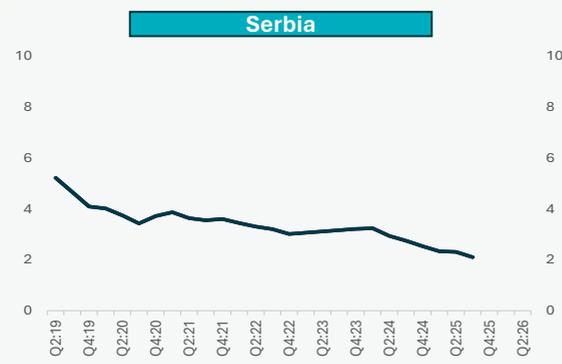
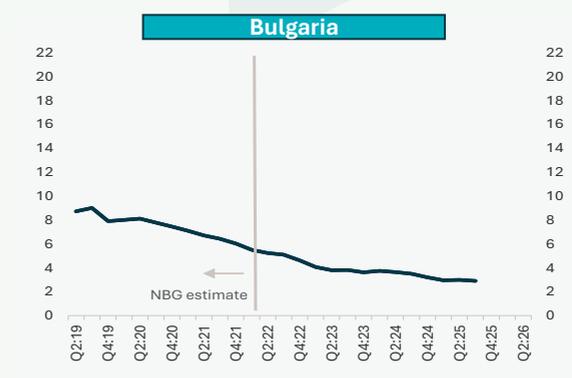
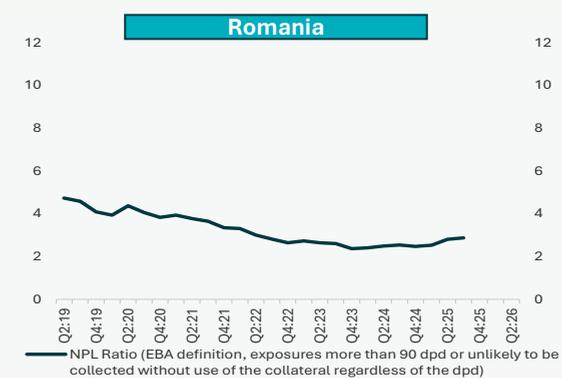
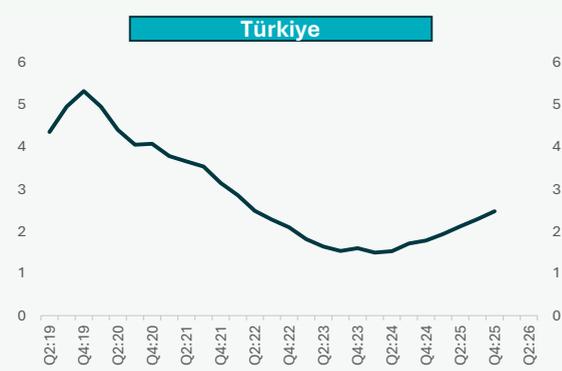


Banking systems in all countries under review remain **well-capitalised**, suggesting that there is significant headroom to absorb potential losses



Non-performing loans ratio (%)

- Asset quality continues to improve in most of the banking systems under review, with NPL ratios at **multi-year lows**
- The NPL ratio in **Türkiye** has embarked on an upward trend, reflecting tighter financing conditions. In **Romania**, amid subdued economic growth, the NPL ratio has been rising slowly but remains contained



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ANALYST FORECAST AWARDS 2025

#1 FORECASTER - Serbia Overall

National Bank of Greece



ANALYST FORECAST AWARDS 2025

#1 FORECASTER - Bulgaria Overall

National Bank of Greece



ANALYST FORECAST AWARDS 2025

#1 FORECASTER - Macedonia N. Overall

National Bank of Greece



ANALYST FORECAST AWARDS 2025

#2 FORECASTER - Romania Overall

National Bank of Greece

